

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2023**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Revenue	322,252	255,268	628,913	462,057
Cost of sales	(198,317)	(205,386)	(393,819)	(384,222)
<b>Gross profit</b>	<b>123,935</b>	<b>49,882</b>	<b>235,094</b>	<b>77,835</b>
Operating expenses	(43,825)	(38,915)	(87,349)	(75,831)
Other operating income	3,150	2,433	4,971	2,088
<b>Operating profit</b>	<b>83,260</b>	<b>13,400</b>	<b>152,716</b>	<b>4,092</b>
Interest income	465	385	811	593
Finance costs	(4,876)	(7,195)	(10,805)	(13,490)
<b>Profit/(Loss) before taxation</b>	<b>78,849</b>	<b>6,590</b>	<b>142,722</b>	<b>(8,805)</b>
Taxation	(19,788)	(2,124)	(35,334)	1,234
<b>Profit/(Loss) for the period attributable to owners of the Company</b>	<b>59,061</b>	<b>4,466</b>	<b>107,388</b>	<b>(7,571)</b>
<b>Earnings/(Loss) per ordinary share (sen):-</b>				
(a) Basic	10.70	0.89	20.21	(1.50)
(b) Diluted	8.99	0.63	16.88	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2023 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>Profit/(Loss) for the period</b>	59,061	4,466	107,388	(7,571)
Foreign currency translation differences for foreign operations	(340)	(1)	(351)	(9)
Cash flow hedge	(761)	(1,496)	(622)	(1,259)
<b>Total comprehensive income/(expense) for the period</b>	<b>57,960</b>	<b>2,969</b>	<b>106,415</b>	<b>(8,839)</b>

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
 31 DECEMBER 2023**

	As At End of Current Quarter 31/12/2023 RM'000	As At End of Preceding Financial Year 30/06/2023 RM'000
<b>ASSETS</b>		
Property, plant and equipment	715,586	740,637
Right-of-use assets	38,480	35,786
Investment property	5,806	5,933
Deferred tax assets	2,893	4,143
Tax credit receivables	144,703	144,703
<b>Total non-current assets</b>	<b>907,468</b>	<b>931,202</b>
Inventories	117,379	127,156
Trade and other receivables	100,659	76,219
Current tax assets	35	4
Cash and cash equivalents	74,829	51,660
	292,902	255,039
Assets classified as held for sale	1,216	-
<b>Total current assets</b>	<b>294,118</b>	<b>255,039</b>
<b>TOTAL ASSETS</b>	<b>1,201,586</b>	<b>1,186,241</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	577,916	500,989
Reserves	(114,163)	(196,776)
RCULS – equity portion	60,954	124,620
<b>TOTAL EQUITY</b>	<b>524,707</b>	<b>428,833</b>
<b>LIABILITIES</b>		
Borrowings	174,045	89,637
Lease liabilities	2,126	52
Deferred tax liabilities	55,065	22,313
Deferred income	74,643	78,222
Employee benefits	255	250
Other payable	579	579
<b>Total non-current liabilities</b>	<b>306,713</b>	<b>191,053</b>
Borrowings	184,734	422,665
Lease liabilities	1,357	239
RCULS – liability portion	1,468	6,660
Deferred income	7,158	7,158
Trade and other payables	173,559	125,453
Contract liabilities	1,161	3,730
Tax payable	729	450
<b>Total current liabilities</b>	<b>370,166</b>	<b>566,355</b>
<b>TOTAL LIABILITIES</b>	<b>676,879</b>	<b>757,408</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,201,586</b>	<b>1,186,241</b>
Net assets per share attributable to owners of the Company	0.85	0.84

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Attributable to owners of the Company						Accumulated losses	Total equity
	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive share scheme reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Current year-to-date ended 31 December 2023</b>								
At 1 July 2023	500,989	124,620	622	351	(125)	22	(197,646)	428,833
Profit for the period	-	-	-	-	-	-	107,388	107,388
Other comprehensive expense								
- Foreign currency translation difference	-	-	-	(351)	-	-	-	(351)
- Cash flow hedge	-	-	(622)	-	-	-	-	(622)
Total comprehensive (expense)/income for the period	-	-	(622)	(351)	-	-	107,388	106,415
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	76,927	(63,666)	-	-	-	-	(11,381)	1,880
- Share-based payments	-	-	-	-	-	(22)	-	(22)
- Dividend paid to owners of the Company	-	-	-	-	-	-	(12,399)	(12,399)
Total transactions with owners of the Company	76,927	(63,666)	-	-	-	(22)	(23,780)	(10,541)
At 31 December 2023	577,916	60,954	-	-	(125)	-	(114,038)	524,707

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2023 (cont'd)**

	/-----Attributable to owners of the Company-----/							
	/-----Non-distributable-----/							
	Share capital	RCULS – equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Preceding year corresponding period ended 31 December 2022</b>								
At 1 July 2022	496,267	128,527	13	322	(50)	68	(257,128)	368,019
Loss for the period	-	-	-	-	-	-	(7,571)	(7,571)
Other comprehensive expense								
- Foreign currency translation difference	-	-	-	(9)	-	-	-	(9)
- Cash flow hedge	-	-	(1,259)	-	-	-	-	(1,259)
Total comprehensive expense for the period	-	-	(1,259)	(9)	-	-	(7,571)	(8,839)
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	44	(36)	-	-	-	-	(4)	4
- Share-based payments	-	-	-	-	-	15	-	15
Total transactions with owners of the Company	44	(36)	-	-	-	15	(4)	19
At 31 December 2022	496,311	128,491	(1,246)	313	(50)	83	(264,703)	359,199

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD  
 ENDED 31 DECEMBER 2023**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	142,722	(8,805)
Adjustments for:-		
Depreciation and amortisation	34,659	33,747
Non-cash items	(643)	(3,059)
Dividend income	-	(45)
Net financing costs	9,994	12,897
Operating profit before changes in working capital	186,732	34,375
Changes in working capital		
Net change in current assets	(18,587)	(10,298)
Net change in current liabilities	46,770	(49,691)
Taxation paid	(662)	(378)
Net financing costs paid	(9,617)	(12,363)
Dividend received	-	45
Employee benefits paid	-	(17)
<b>Net cash generated from/(used in) operating activities</b>	<b>204,636</b>	<b>(37,967)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(11,362)	(8,504)
Proceeds from disposal of property, plant and equipment	90	146
<b>Net cash used in investing activities</b>	<b>(11,272)</b>	<b>(8,358)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	714,651	624,646
Repayments of borrowings	(867,521)	(580,254)
RCULS coupon payment	(3,779)	(3,914)
Payment of lease liabilities	(796)	(574)
Dividend paid to owners of the Company	(12,399)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(169,844)</b>	<b>39,904</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>23,520</b>	<b>(6,421)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>51,660</b>	<b>64,274</b>
<b>EFFECT ON FOREIGN EXCHANGE</b>	<b>(351)</b>	<b>(9)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>74,829</b>	<b>57,844</b>

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:

	31/12/2023 RM'000	31/12/2022 RM'000
Deposits, cash and bank balances	74,829	57,844

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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The figures have not been audited

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2023. This interim financial report also complies with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual period beginning on or after 1 January 2023 which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

**2. Qualification of audit report of the preceding annual financial statements**

The audit report for the preceding annual financial statements was not qualified.

**3. Seasonality or cyclicity of interim operations**

The operations of the Group generally follow the performance of the construction industry.

**4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

**5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in prior financial years.

**6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

- (a) For the quarter under review, the issued share capital of the Company has been increased from 511,272,580 ordinary shares to 620,268,862 ordinary shares by the issuance and allotment of 108,996,282 new ordinary shares arising from the conversion of RM76,297,407 nominal value of redeemable convertible unsecured loan stocks (“RCULS”) at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

For the financial year-to-date, the issued share capital for the Company has been increased from 510,372,782 ordinary shares to 620,268,862 ordinary shares by the issuance and allotment of 109,896,080 new ordinary shares arising from the conversion of RM76,927,266 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary share in the Company. The outstanding nominal value of RCULS as at 31 December 2023 was RM73,651,198.

  
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6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)**

Subsequent to the quarter under review and financial year-to-date, the issued share capital of the Company has been increased from 620,268,862 ordinary shares to 627,121,322 ordinary shares by the issuance and allotment of 6,852,460 new ordinary shares arising from the conversion of RM4,796,722 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

(b) There were no additional shares purchased by the Executive Share Scheme ("ESS") Trust during the quarter under review and financial year-to-date.

As at 31 December 2023, the total number of ordinary shares in the Company held by the ESS Trust was 95,800 ordinary shares.

(c) On 18 December 2023, the Company had fully redeemed the RM100.0 million unrated medium term notes ("MTN") issued on 18 December 2020 represents the inaugural issuance under the Company's unrated MTN programme of RM500.0 million in nominal value.

There were no share buy-back, shares cancellation, resale of treasury shares or repayment of equity securities during the quarter under review and financial year-to-date.

7. **Dividend paid**

During the financial year-to-date, the Company paid an interim single tier dividend of 2.0 sen per share amounting to RM12.4 million on 20 December 2023.

8. **Operating segments**

The Group's segmental report for the financial year-to-date is as follows: -

	<b>Construction materials RM'000</b>
Reportable segment profits	<u>152,141</u>
Included in the measure of segment profits are:	
Revenue from external customers	627,756
Depreciation and amortisation	<u>(34,526)</u>

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8. **Operating segments (cont'd)**

The Group's segmental report for the financial year-to-date is as follows: -

**Reconciliation of reportable segment profits to Consolidated Profit Before Taxation ("PBT")**

Reportable segment	152,141
Non-reportable segments	575
Interest income	811
Finance costs	(10,805)
Consolidated PBT	<u>142,722</u>

	<b>External revenue RM'000</b>	<b>Depreciation and amortisation RM'000</b>
Reportable segment	627,756	34,526
Non-reportable segment	1,157	133
<b>Total</b>	<u>628,913</u>	<u>34,659</u>

9. **Material events not reflected in the financial statements**

There are no material subsequent events to be disclosed as at the date of this report.

10. **Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

11. **Review of performance**

For the quarter under review, the Group recorded revenue of RM322.3 million and profit before taxation ("PBT") of RM78.8 million as compared with revenue and PBT of RM255.3 million and RM6.6 million for the corresponding quarter of the preceding financial year ended 30 June 2023 ("FY 2023"). The increase in revenue and PBT as compared to the corresponding quarter of FY 2023 is mainly due to better cement selling prices and volume.

For the financial year-to-date, the Group recorded revenue of RM628.9 million and PBT of RM142.7 million as compared with revenue and loss before taxation ("LBT") of RM462.1 million and RM8.8 million respectively for the corresponding period of FY 2023. The improved revenue and PBT were mainly due to better cement selling prices, coupled with higher cement sales volume achieved on the improvement in construction activities.

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12. **Material changes in profit before taxation (“PBT”) against the immediate preceding quarter**

	<b>Current Quarter 31/12/2023 RM'000</b>	<b>Immediate Preceding Quarter 30/09/2023 RM'000</b>
Revenue	322,252	306,661
Profit before taxation	78,849	63,873

The Group recorded PBT of RM78.8 million for the quarter under review as compared with PBT of RM63.9 million for the immediate preceding quarter, mainly attributed to the higher cement sales volume achieved on stronger construction activities.

13. **Prospects**

The construction sector is expected to sustain its momentum and the Board expects the Group’s performance for the financial year to be satisfactory.

14. **Profit forecast/profit guaranteed**

This note is not applicable.

15. **Profit before taxation**

	<b>Current Year Quarter 31/12/2023 RM'000</b>	<b>Current Year To-date 31/12/2023 RM'000</b>
Profit before taxation is arrived at after charging/(crediting): -		
Depreciation and amortisation	17,366	34,659
Provision for slow moving inventories	122	2,312
Gain on foreign exchange	(746)	(1,650)
Loss/(Reversal) of impairment on trade receivables	24	(174)
Gain on disposal of property, plant & equipment	(90)	(90)

  
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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Current taxation - current year	585	449	910	655
Deferred taxation - current year	19,203	1,675	34,424	(1,889)
	<u>19,788</u>	<u>2,124</u>	<u>35,334</u>	<u>(1,234)</u>

The Group's effective tax rate for the quarter under review and financial year-to-date is higher than statutory tax rate mainly due to the derecognition of deferred tax relates to conversion of RCULS.

17. **Corporate proposals**

There are no corporate proposals announced but not completed as at the date of this report other than as mentioned below:

The Company announced that Hume Concrete Sdn Bhd ("HCCT"), a wholly-owned subsidiary of the Company, had on 14 February 2024, entered into a conditional sale and purchase agreement with Skygate Technology (KL) Sdn Bhd ("Skygate KL") for the proposed disposal by HCCT to Skygate KL of a parcel of land together with the buildings thereon and all fixtures, fittings and other things thereon located in Prai Industrial Estate, Pulau Pinang for a cash consideration of RM39,800,000 ("Proposed Disposal").

Accordingly, the property of the Proposed Disposal has been reclassified as asset held for sale on the Condensed Consolidated Statement of Financial Position as at 31 December 2023.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the second half of year 2024.

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**18. Group's borrowings and debt securities**

Particulars of the Group's borrowings and debt securities as at 31 December 2023 are as follows: -

	<b>RM'000</b>
Borrowings:	
Unsecured short-term borrowings	184,734
Unsecured long-term borrowings	174,045
	<u>358,779</u>

The above include borrowing denominated in foreign currency with Ringgit equivalent as follows: -

	<b>RM'000</b>
USD	<u>45,610</u>

The USD denominated borrowing has the foreign currency exchange rate fixed on drawdown.



	<b>RM'000</b>
Debt Securities:	
RCULS – liability portion	
- Current	1,468
- Non-current	-
	<u>1,468</u>

**19. Changes in material litigation**

There are no material litigations as at the date of this report.

**20. Dividend**

- (a) The Board does not recommend any interim dividend for the quarter ended 31 December 2023 of the financial year ending 30 June 2024 (2<sup>nd</sup> quarter FY 2023: Nil).
- (b) For the financial year-to-date, a total single tier dividend of 2.0 sen per share (year-to-date FY 2023: Nil) has been declared and paid.

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21. **Earnings/(Loss) Per Ordinary Share**

(a) Basic earnings/(loss) per ordinary share

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM59,061,000 (2<sup>nd</sup> quarter FY 2023: RM4,466,000) by the weighted average number of ordinary shares during the quarter of 551,966,860 (2<sup>nd</sup> quarter FY 2023: 503,591,137).

The basic earnings/(loss) per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM107,388,000 (2<sup>nd</sup> quarter FY2023: loss attributable to owners of the Company of RM7,571,000) by the weighted average number of ordinary shares during the period of 531,361,651 (2<sup>nd</sup> quarter FY 2023: 503,579,306).

*Weighted average number of ordinary shares*

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2023 '000	31/12/2022 '000	31/12/2023 '000	31/12/2022 '000
Issued ordinary shares at beginning of period	511,273	503,634	510,373	503,628
ESS Trust Shares held at beginning of period	(96)	(67)	(96)	(67)
Effect of conversion of RCULS	40,790	24	21,085	18
Weighted average number of ordinary shares (basic)	551,967	503,591	531,362	503,579
Basic earnings/(loss) per ordinary share (sen)	10.70	0.89	20.21	(1.50)

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21. Earnings/(Loss) Per Ordinary Share (cont'd)

(b) Diluted earnings per share

The calculation of diluted earnings per ordinary share for the quarter under review, financial year-to-date and preceding year's corresponding quarter period was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows: -

Profit attributable to ordinary shareholders (diluted)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Profit attributable to ordinary shareholders (basic)	59,061	4,466	107,388	N/A
Interest expense on RCULS, net of tax	35	112	93	N/A
Profit attributable to ordinary shareholders (diluted)	59,096	4,578	107,481	N/A
	'000	'000	'000	'000
Weighted average number of ordinary shares as at 31 December (basic)	551,967	503,591	531,362	N/A
Effect of conversion of RCULS	105,216	221,796	105,216	N/A
Weighted average number of ordinary shares as at 31 December (diluted)	657,183	725,387	636,578	N/A
Diluted earnings per ordinary share (sen)	8.99	0.63	16.88	N/A

In the preceding financial year-to-date, there was no disclosure of diluted loss ordinary share as it was anti-dilutive.

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The figures have not been audited

**22. Derivatives**

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks.

Forward foreign exchange contracts

The Group has entered into a number of forward foreign exchange contracts by a subsidiary to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2023.

There are no outstanding derivatives for the current financial quarter under review.

**23. Gains/losses arising from fair value changes of financial liabilities**

Other than derivatives which are classified as financial liabilities, when they are at fair value loss position, the Group does not re-measure its financial liabilities at fair value after the initial recognition.

By Order of the Board  
Hume Cement Industries Berhad

Wong Wei Fong  
Zoe Lim Hoon Hwa  
Company Secretaries

Kuala Lumpur  
20 February 2024

 HCIB/15 