

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Revenue	255,268	193,436	462,057	321,503
Cost of sales	(205,386)	(144,876)	(384,222)	(252,101)
Gross profit	49,882	48,560	77,835	69,402
Operating expenses	(38,915)	(37,106)	(75,831)	(67,202)
Other operating income	2,433	4,259	2,088	4,980
Operating profit	13,400	15,713	4,092	7,180
Interest income	385	140	593	227
Finance costs	(7,195)	(5,713)	(13,490)	(11,437)
Profit/(Loss) before taxation	6,590	10,140	(8,805)	(4,030)
Taxation	(2,124)	(2,565)	1,234	287
Profit/(Loss) for the period attributable to owners of the Company	4,466	7,575	(7,571)	(3,743)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	0.89	1.51	(1.50)	(0.75)
(b) Diluted	0.63	1.07	N/A	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 2022.

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2022 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Profit/(Loss) for the period	4,466	7,575	(7,571)	(3,743)
Foreign currency translation differences for foreign operations	(1)	5	(9)	(37)
Cash flow hedge	(1,496)	(5)	(1,259)	(22)
Total comprehensive income/(expense) for the period	2,969	7,575	(8,839)	(3,802)

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 2022.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 31 DECEMBER 2022**

	As at end of current quarter 31/12/2022 RM'000	As at end of preceding financial year 30/06/2022 RM'000
ASSETS		
Property, plant and equipment	764,815	790,507
Right-of-use assets	36,729	37,728
Investment property	6,061	6,188
Deferred tax assets	9,045	9,908
Tax credit receivables	144,703	144,703
Total non-current assets	961,353	989,034
Inventories	151,355	163,630
Trade and other receivables	102,852	80,549
Current tax assets	55	161
Cash and cash equivalents	57,844	64,274
Total current assets	312,106	308,614
TOTAL ASSETS	1,273,459	1,297,648
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	496,311	496,267
Reserves	(265,603)	(256,775)
RCULS - equity portion	128,491	128,527
TOTAL EQUITY	359,199	368,019
LIABILITIES		
Borrowings	125,185	239,789
Lease liabilities	6	230
Deferred tax liabilities	13,321	16,073
RCULS – liability portion	3,112	6,873
Deferred income	81,801	85,380
Employee benefits	238	250
Other payable	579	579
Total non-current liabilities	224,242	349,174
Borrowings	531,774	372,602
Lease liabilities	765	1,068
RCULS – liability portion	7,360	7,177
Deferred income	7,158	7,158
Trade and other payables	142,526	192,187
Tax payable	435	263
Total current liabilities	690,018	580,455
TOTAL LIABILITIES	914,260	929,629
TOTAL EQUITY AND LIABILITIES	1,273,459	1,297,648
Net assets per share attributable to owners of the Company (RM)	0.71	0.73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	/-----Attributable to owners of the Company-----/							
	/-----Non-distributable-----/							
	Share capital	Redeemable convertible unsecured loan stocks ("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
Current year-to-date ended 31 December 2022								
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 income/(expense)								
- Foreign currency translation difference	-	-	-	(9)	-	-	-	(9)
- Cash flow hedge	-	-	(1,259)	-	-	-	-	(1,259)
Total comprehensive income/(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
	44	(36)	-	-	-	15	(4)	19
At 31 December 2022	496,311	128,491	(1,246)	313	(50)	83	(264,703)	359,199

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022 (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
Preceding year corresponding period ended 31 December 2021								
At 1 July 2021	494,406	130,070	14	408	(100)	96	(260,137)	364,757
Loss for the period	-	-	-	-	-	-	(3,743)	(3,743)
Other comprehensive income/(expense)								
- Foreign currency translation difference	-	-	-	(37)	-	-	-	(37)
- Cash flow hedge	-	-	(22)	-	-	-	-	(22)
Total comprehensive income/(expense) for the period	-	-	(22)	(37)	-	-	(3,743)	(3,802)
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	52	(43)	-	-	-	-	(3)	6
- Share-based payments	-	-	-	-	-	28	-	28
	52	(43)	-	-	-	28	(3)	34
At 31 December 2021	494,458	130,027	(8)	371	(100)	124	(263,883)	360,989

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 2022.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 31 DECEMBER 2022**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,805)	(4,030)
Adjustments for:-		
Depreciation and amortisation	33,747	33,243
Non-cash items	(3,059)	(3,284)
Dividend income	(45)	(182)
Net financing costs	12,897	11,210
Operating profit before changes in working capital	34,735	36,957
Changes in working capital		
Net change in current assets	(10,298)	(41,782)
Net change in current liabilities	(49,691)	40,480
Taxation paid	(378)	(246)
Net financing costs paid	(12,363)	(10,489)
Dividend received	45	182
Employee benefits paid	(17)	-
Net cash (used in)/generated from operating activities	(37,967)	25,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,504)	(5,473)
Proceeds from disposal of property, plant and equipment	146	576
Net cash used in investing activities	(8,358)	(4,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	624,646	141,231
Repayments of borrowings	(580,254)	(140,150)
RCULS coupon payment	(3,914)	(4,003)
Payment of lease liabilities	(574)	(394)
Net cash generated from/(used in) financing activities	39,904	(3,316)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,421)	16,889
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,274	50,581
EFFECT ON FOREIGN EXCHANGE	(9)	(37)
CASH & CASH EQUIVALENTS AT END OF PERIOD	57,844	67,433

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

	31/12/2022 RM'000	31/12/2021 RM'000
Deposits, cash and bank balances	57,844	67,433

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.


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1. **Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“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 2022. This interim financial report also complies with International Accounting Standards 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 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2022 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 503,654,934 ordinary shares to 503,689,934 ordinary shares by the issuance and allotment of 35,000 new ordinary shares arising from the conversion of RM24,500 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 503,627,609 ordinary shares to 503,689,934 ordinary shares by the issuance and allotment of 62,325 new ordinary shares arising from the conversion of RM43,628 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 2022 was RM155,256,459.

Subsequent to the quarter under review and financial year-to-date, the issued share capital of the Company has been increased from 503,689,934 ordinary shares to 503,832,688 ordinary shares by the issuance and allotment of 142,754 new ordinary shares arising from the conversion of RM99,928 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary shares in the Company.

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6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (con't)**

- (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 2022, the total number of ordinary shares in the Company held by the ESS Trust was 66,667 ordinary shares. Subsequent to the quarter under review and financial year-to-date, a total of 66,667 ordinary shares of the Company held in the ESS Trust were transferred to an eligible executive of the Group following the vesting of free shares pursuant to the ESS.

7. **Dividend paid**

There were no dividends paid during the quarter under review and financial year-to-date.

8. **Operating segments**

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

	Construction Materials RM’000		
Reportable segment profits	4,069		
Included in the measure of segment profits are:			
Revenue from external customers	460,900		
Depreciation and amortisation	33,614		
Reconciliation of reportable segment profits to Consolidated LBT			
Reportable segment	4,069		
Non-reportable segments	23		
Interest income	593		
Finance costs	(13,490)		
Consolidated loss before taxation	(8,805)		
		External Revenue RM’000	Depreciation and amortisation RM’000
Reportable segment		460,900	33,614
Non-reportable segment		1,157	133
Total		462,057	33,747



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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 RM255.3 million and profit before taxation (“PBT”) of RM6.6 million as compared with revenue and PBT of RM193.4 million and RM10.1 million for the corresponding quarter of the preceding financial year ended 30 June 2022 (“FY 2022”).

Revenue increased in the quarter under review as compared with the corresponding quarter of FY 2022 due to the revision in the cement retail selling price and higher cement sales volume. Lower PBT recorded in the quarter under review was mainly affected by the higher input costs from coal and electricity.

For the financial year-to-date, the Group recorded revenue of RM462.1 million and loss before taxation (“LBT”) of RM8.8 million as compared with revenue and LBT of RM321.5 million and RM4.0 million respectively for the corresponding period of FY 2022. Higher revenue reported mainly due to the revision in the cement retail selling price coupled with lower cement rebate given and higher cement sales volume achieved. However, higher LBT recorded in the financial year-to-date resulted from higher input costs, in particular from coal and electricity.

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

	Current quarter 31/12/2022 RM’000	Immediate preceding quarter 30/09/2022 RM’000
Revenue	255,268	206,789
Profit/(Loss) before taxation	6,590	(15,395)

The Group recorded PBT of RM6.6 million for the quarter under review as compared with LBT of RM15.4 million for the immediate preceding quarter, mainly attributed to the upward revision in cement retail selling price coupled with lower cement rebate given.

13. Prospects

The Board expects the Group’s performance to be in tandem with the domestic post pandemic economic recovery. However, we remain cautious of input costs and the Group will continue to monitor and remain agile in responding to the dynamic market conditions and further optimising internal operational efficiency.



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14. **Profit forecast / profit guaranteed**

This note is not applicable.

15. **Profit/(Loss) before taxation**

	Current Year Quarter	Current Year To-date
	31/12/2022 RM'000	31/12/2022 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	-	(45)
Impairment loss on trade receivables (net)	125	42
Depreciation and amortisation	16,932	33,747
Provision for slow moving inventories	917	1,448
(Gain)/Loss on foreign exchange	(797)	1,967

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Current taxation				
Malaysian - current year	449	223	655	398
- prior year	-	-	-	-
	449	223	655	398
Deferred taxation				
Malaysian - current year	1,675	2,342	(1,889)	(685)
- prior year	-	-	-	-
	1,675	2,342	(1,889)	(685)
	2,124	2,565	(1,234)	(287)



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17. Corporate proposals

There are no corporate proposals announced but not completed as at the date of this report.

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 December 2022 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	531,774
Unsecured long term borrowings	125,185
	<u>656,959</u>

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

	RM'000
USD	<u>41,210</u>

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

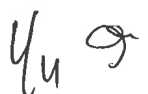
	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	7,360
- Non-current	3,112
	<u>10,472</u>

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 2022 of the financial year ending 30 June 2023 (2nd quarter FY 2022: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2nd quarter FY 2022: Nil).



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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 RM4,466,000 (2nd quarter FY 2022: RM7,575,000) by the weighted average number of ordinary shares during the quarter of 503,591,137 (2nd quarter FY 2022: 500,882,043).

The basic loss per ordinary share for the financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM7,571,000 (2nd quarter FY2022: RM 3,743,000) by the weighted average number of ordinary shares during the period of 503,579,306 (2nd quarter FY2022: 500,858,717).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2022 '000	31/12/2021 '000	31/12/2022 '000	31/12/2021 '000
Issued ordinary shares at beginning of period	503,634	500,969	503,628	500,969
Trust shares held at beginning of period	(67)	(133)	(67)	(133)
Effect of RCULS conversion	24	46	18	23
Weighted average number of ordinary shares (basic)	503,591	500,882	503,579	500,859
Basic earnings/(loss) per ordinary share (sen)	0.89	1.51	(1.50)	(0.75)

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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 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)

	Current Year- Quarter	Preceding Year Corresponding Quarter
	31/12/2022 RM'000	31/12/2021 RM'000
Profit attributable to ordinary shareholders (basic)	4,466	7,575
Interest expense on RCULS, net of tax	112	182
Profit attributable to ordinary shareholders (diluted)	<u>4,578</u>	<u>7,757</u>
	'000	'000
Weighted average number of ordinary shares at 31 December (basic)	503,591	500,882
Effect of conversion of RCULS	221,796	224,442
Weighted average number of ordinary shares at 31 December (diluted)	<u>725,387</u>	<u>725,324</u>
Diluted earnings per ordinary share (sen)	0.63	1.07

The Group's diluted earnings per share in the financial year-to-date is not presented as the assumed potential new ordinary shares are anti-dilutive.

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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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.

As at 31 December 2022, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	38,591	(1,246)

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/(losses) recognised in profit or loss. There is no gains/(losses) arising from fair value changes of derivatives.

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 2022.

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
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
15 February 2023