

MALAYAN CEMENT BERHAD
Company No. 195001000048 (1877-T)
Incorporated in Malaysia

Interim Financial Report
30 September 2023

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 30 September 2023.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2023 RM'000	Preceding Year Corresponding Quarter 30.09.2022 RM'000	3 Months Ended	
			30.09.2023 RM'000	30.09.2022 RM'000
Revenue	1,148,061	858,854	1,148,061	858,854
Cost of sales	(807,717)	(668,462)	(807,717)	(668,462)
Gross profit	340,344	190,392	340,344	190,392
Other operating income	27,155	9,012	27,155	9,012
Other operating expenses	(171,857)	(157,355)	(171,857)	(157,355)
Profit from operations	195,642	42,049	195,642	42,049
Finance costs	(50,828)	(46,800)	(50,828)	(46,800)
Share of results of joint venture	9,739	8,881	9,739	8,881
Profit before tax	154,553	4,130	154,553	4,130
Taxation	(58,419)	(3,213)	(58,419)	(3,213)
Profit for the period	96,134	917	96,134	917
Attributable to:				
Owners of the parent	96,104	953	96,104	953
Non-controlling interests	30	(36)	30	(36)
Profit for the period	96,134	917	96,134	917
Earnings per share (sen)				
- Basic	7.34	0.07	7.34	0.07
- Diluted	5.25	0.05	5.25	0.05

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2023 RM'000	Preceding Year Corresponding Quarter 30.09.2022 RM'000	3 Months Ended	
			30.09.2023 RM'000	30.09.2022 RM'000
Profit for the period	96,134	917	96,134	917
Other comprehensive (loss)/income:-				
<i>Items that may be reclassified subsequently to income statements:-</i>				
- exchange differences on translating foreign operations	(705)	2,962	(705)	2,962
Other comprehensive (loss)/income for the period, net of tax	(705)	2,962	(705)	2,962
Total comprehensive income for the period	95,429	3,879	95,429	3,879
Attributable to:				
Owners of the parent	95,399	3,915	95,399	3,915
Non-controlling interests	30	(36)	30	(36)
Total comprehensive income for the period	95,429	3,879	95,429	3,879

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,608,010	2,636,342
Right-of-use assets	221,988	226,196
Investment properties	3,115	3,116
Intangible assets	5,560,384	5,561,134
Investment in joint venture	87,119	77,685
Investments	3,919	3,919
Deferred tax assets	268,986	276,615
Trade and other receivables	4,074	4,802
	<u>8,757,595</u>	<u>8,789,809</u>
Current assets		
Inventories	516,427	549,311
Income tax assets	20,525	35,146
Trade and other receivables	698,441	614,643
Other current assets	57,689	40,882
Amount due from holding companies	25	49
Amount due from related companies	39,460	41,917
Amount due from joint venture	28,350	23,669
Fixed deposits	486,811	612,465
Cash and bank balances	134,181	263,347
	<u>1,981,909</u>	<u>2,181,429</u>
TOTAL ASSETS	<u>10,739,504</u>	<u>10,971,238</u>

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 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Unaudited As at 30.09.2023 RM'000	Audited As at 30.06.2023 RM'000
EQUITY		
Share capital	5,345,817	5,345,817
Reserves:		
Foreign currency translation reserve	39,749	40,454
Fair value reserve	3,280	3,280
Share options reserve	14,500	9,059
Retained earnings	648,051	551,947
Equity attributable to owners of the parent	6,051,397	5,950,557
Non-controlling interests	3,988	3,958
TOTAL EQUITY	6,055,385	5,954,515
LIABILITIES		
Non-current liabilities		
Lease liabilities	26,319	28,529
Borrowings	2,682,080	2,834,350
Deferred tax liabilities	361,706	363,481
Post-employment benefit obligations	21,114	21,169
	3,091,219	3,247,529
Current liabilities		
Trade and other payables	805,331	790,497
Contract liabilities	1,855	3,312
Amount due to holding companies	8,959	4,144
Amount due to related companies	44,503	34,254
Lease liabilities	13,107	15,376
Borrowings	687,612	907,607
Post-employment benefit obligations	1,865	2,924
Income tax liabilities	29,668	11,080
	1,592,900	1,769,194
TOTAL LIABILITIES	4,684,119	5,016,723
TOTAL EQUITY AND LIABILITIES	10,739,504	10,971,238
Net assets per share (RM)	4.62	4.54

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 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	← Attributable to Owners of the Parent →					Non- Controlling interests	Total equity	
	Share capital RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Retained earnings RM'000			Total RM'000
As at 1 July 2023	5,345,817	40,454	3,280	9,059	551,947	5,950,557	3,958	5,954,515
Profit for the financial period	-	-	-	-	96,104	96,104	30	96,134
Other comprehensive loss	-	(705)	-	-	-	(705)	-	(705)
Total comprehensive income/(loss) for the financial period	-	(705)	-	-	96,104	95,399	30	95,429
Share option expenses	-	-	-	5,441	-	5,441	-	5,441
As at 30 September 2023	5,345,817	39,749	3,280	14,500	648,051	6,051,397	3,988	6,055,385
As at 1 July 2022	5,345,817	33,032	3,373	-	392,912	5,775,134	3,793	5,778,927
Profit/(Loss) for the financial period	-	-	-	-	953	953	(36)	917
Other comprehensive income	-	2,962	-	-	-	2,962	-	2,962
Total comprehensive income/(loss) for the financial period	-	2,962	-	-	953	3,915	(36)	3,879
As at 30 September 2022	5,345,817	35,994	3,373	-	393,865	5,779,049	3,757	5,782,806

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	3 Months Ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	154,553	4,130
Adjustments for:-		
Amortisation of intangible assets	750	533
Depreciation of:		
- investment properties	1	1
- property, plant and equipment	80,854	60,809
- right-of-use assets	4,168	5,090
Dividend income	(20)	(4)
Gain on disposal of property, plant and equipment (net)	(630)	(128)
Gain on termination of leases (net)	-	(1)
Interest expense	50,828	46,800
Interest income	(4,510)	(2,819)
Impairment loss on receivables (net)	549	-
Property, plant and equipment written off	951	3
Provision for inventory obsolescence (net)	1,778	150
Provision for retirement benefit	237	237
Share of results of joint venture	(9,739)	(8,881)
Share option expenses	5,319	-
Unrealised gain on foreign exchange (net)	(6,947)	(1,181)
Operating profit before changes in working capital	<u>278,142</u>	<u>104,739</u>
Changes in working capital:-		
Inventories	31,106	(50,148)
Receivables	(84,534)	(2,025)
Other assets	(16,808)	(37,704)
Payables	22,195	148,611
Contract liabilities	(1,457)	(1,300)
Related parties balances	12,986	(17,786)
Cash generated from operations	<u>241,630</u>	<u>144,387</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023- continued**

	3 Months Ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Interest paid	(48,664)	(47,445)
Interest received	4,430	2,699
Retirement benefit paid	(292)	(272)
Income tax paid (net)	(19,352)	(15,974)
Net cash generated from operating activities	<u>177,752</u>	<u>83,395</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(53,945)	(31,782)
Dividend received	20	4
Proceeds from net investment in lease	995	1,059
Proceeds from disposal of property, plant and equipment	1,102	215
Net cash used in investing activities	<u>(51,828)</u>	<u>(30,504)</u>
Cash Flows From Financing Activities		
Repayment of borrowings	(375,000)	(113,000)
Repayment of lease liabilities	(4,907)	(4,046)
Net cash used in from financing activities	<u>(379,907)</u>	<u>(117,046)</u>
Net changes in cash and cash equivalents	(253,983)	(64,155)
Effects of exchange rate changes	(837)	1,284
Cash and cash equivalents at beginning of the financial period	875,812	603,711
Cash and cash equivalents at end of the financial period	<u><u>620,992</u></u>	<u><u>540,840</u></u>
Cash and cash equivalents comprise :-		
Fixed deposits with licensed banks	486,811	160,974
Cash and bank balances	134,181	379,866
	<u><u>620,992</u></u>	<u><u>540,840</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and Chapter 9, part K paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2023.

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2023.

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2023 do not have significant financial impact on the Group.

A2. Seasonal or Cyclical Factors

The operations of the Group are closely linked to the construction sector which would normally experience a slow-down in construction activities during the festive seasons in Malaysia and Singapore.

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INTERIM FINANCIAL REPORT

Notes – Continued

A3. Disaggregation of Revenue

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2023	Preceding Year Corresponding Quarter 30.09.2022	3 Months Ended	
	RM'000	RM'000	RM'000	RM'000
Cement				
Sales of clinker, cement and other building materials	881,129	646,865	881,129	646,865
Others	416	5,298	416	5,298
	<u>881,545</u>	<u>652,163</u>	<u>881,545</u>	<u>652,163</u>
Aggregates & Concrete				
Sales of aggregates	8,399	4,962	8,399	4,962
Sales of ready-mixed concrete	258,111	201,095	258,111	201,095
Others	6	634	6	634
	<u>266,516</u>	<u>206,691</u>	<u>266,516</u>	<u>206,691</u>
Total Revenue	<u>1,148,061</u>	<u>858,854</u>	<u>1,148,061</u>	<u>858,854</u>

A4. Exceptional or Unusual Items

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A5. Changes in Estimates of Amount Reported

There were no significant changes in estimates of amounts reported in prior interim periods or prior financial years.

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INTERIM FINANCIAL REPORT

Notes – Continued

A6. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter.

A7. Dividend Paid

There was no dividend paid during the financial period ended 30 September 2023.

A8. Segmental Information

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- cement
- aggregates and concrete

Included in Cement Segment of the Group are other cement related building materials.

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INTERIM FINANCIAL REPORT

Notes – Continued

A8. Segmental Information (continued)

Analysis of the Group's segment information is as follows:

Financial Period Ended 30 September	Cement		Aggregates & Concrete		Elimination		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
External revenue	881,545	652,163	266,516	206,691	-	-	1,148,061	858,854
Inter-segment revenue	104,573	78,568	-	-	(104,573)	(78,568)	-	-
Total revenue	986,118	730,731	266,516	206,691	(104,573)	(78,568)	1,148,061	858,854
Segment results								
Profit from operations	188,959	36,444	6,683	5,605	-	-	195,642	42,049
Finance costs							(50,828)	(46,800)
Share of results of joint venture							9,739	8,881
Profit before tax							154,553	4,130
Finance costs							50,828	46,800
Depreciation and amortisation							85,773	66,433
EBITDA							291,154	117,363

INTERIM FINANCIAL REPORT

Notes – Continued

A9. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

A10. Changes in Group Composition

There was no change in the composition for the Group in this financial quarter.

A11. Contingent Liabilities

The Group has no material contingent liabilities as at the date of this report.

A12. Subsequent Events

There were no items, transactions or event of material or unusual in nature during the period from the end of the quarter under review to the date of this report.

A13. Commitments

Outstanding commitments in respect of capital commitments at end of reporting date not provided for in the financial statements are as follows:

	As at 30.09.2023 RM'000
In respect of capital expenditure:	
Approved and contracted for	36,019

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INTERIM FINANCIAL REPORT

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Performance

	Individual Quarter		Variance	Cumulative Quarter		Variance
	30.09.2023	30.09.2022	%	30.09.2023	30.09.2022	%
	RM'000	RM'000	+/-	RM'000	RM'000	+/-
Revenue	1,148,061	858,854	34	1,148,061	858,854	34
Profit before tax	154,553	4,130	3,642	154,553	4,130	3,642

Revenue for the current financial quarter increased to RM1,148.1 million from RM858.9 million in the preceding year corresponding quarter mainly contributed by the higher volume and stabilisation in selling price for both domestic cement and ready-mixed concrete.

The Group recorded a higher profit before tax in the current financial quarter at RM154.6 million as compared to RM4.1 million in the preceding year corresponding quarter. This was mainly attributed to the higher revenue with the stabilisation in selling price moderating the impact of higher energy costs.

B2. Comparison with Preceding Quarter

	Current	Preceding	Variance
	Quarter	Quarter	%
	30.09.2023	30.06.2023	+/-
	RM'000	RM'000	
Revenue	1,148,061	1,010,513	14
Profit before tax	154,553	126,010	23
Profit after tax	96,134	79,681	21

The Group revenue for the current financial quarter was higher at RM1,148.1 million as compared to RM1,010.5 million recorded in the preceding quarter as the preceding quarter's sales was affected by the festive season. On the back of the higher revenue, the Group's profit before tax for the current financial quarter increased to RM154.6 million from RM126.0 million in the preceding quarter.

B3. Audit Report of the Preceding Financial Year Ended 30 June 2023

The Auditors' Reports on the financial statements for the financial year ended 30 June 2023 did not contain any qualification.

INTERIM FINANCIAL REPORT

Notes – Continued

B4. Prospects

Prospects remains positive with growth in cement demand expected to be primarily driven by civil and non-residential ventures including infrastructure, logistics facilities, data centers and factories. Cement demand is projected to be further bolstered by Malaysia's long-term need for housing and infrastructure due to its young population and high urbanization rate.

Whilst wider economic volatility may persist in light of higher interest rates and inflationary pressures, the Group will continue to pursue the operational, logistics, and distributional efficiencies necessary to meet the needs and expectations of its customers, and deliver ongoing value to all its stakeholders.

B5. Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.

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INTERIM FINANCIAL REPORT

Notes – Continued

B6. Profit for the period

	Current Quarter 30.09.2023 RM'000	Period To Date 30.09.2023 RM'000
Profit for the period is stated after charging/(crediting):		
Amortisation of intangible assets	750	750
Depreciation of:		
- investment properties	1	1
- property, plant and equipment	80,854	80,854
- right-of-use assets	4,168	4,168
Dividend income	(20)	(20)
Gain on disposal of property, plant and equipment (net)	(630)	(630)
Hiring income	(6,612)	(6,612)
Impairment loss on receivables (net)	549	549
Interest income	(4,510)	(4,510)
Realised loss on foreign exchange (net)	1,234	1,234
Property, plant and equipment written off	951	951
Provision for inventory obsolescence (net)	1,778	1,778
Provision for retirement benefit	237	237
Rental income	(160)	(160)
Unrealised gain on foreign exchange (net)	<u>(6,947)</u>	<u>(6,947)</u>

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INTERIM FINANCIAL REPORT

Notes – Continued

B7. Taxation

Taxation comprise the following:

	Current Quarter 30.09.2023 RM'000	Period To Date 30.09.2023 RM'000
Tax expense in respect of current quarter:		
- Income tax	52,561	52,561
- Deferred tax	5,858	5,858
Total tax expense	58,419	58,419

The effective tax rate for the current financial quarter and financial period ended 30 September 2023 was higher than the Malaysian statutory tax rate of 24% mainly due to the non-deductibility of certain interest expense of the Company.

B8. Status of Corporate Proposals Announced

There were no corporate proposals announced by the Company which are not completed as at the date of this report.

B9. Group Borrowings

The Group borrowings as at 30 September 2023 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Revolving credit	37,500	242,000	279,500
Term Loans	308,114	-	308,114
Bonds	-	99,998	99,998
	345,614	341,998	687,612
Non-current			
Revolving credit	277,500	-	277,500
Term Loans	2,000,121	-	2,000,121
Bonds	-	404,459	404,459
	2,277,621	404,459	2,682,080
Total Group Borrowings	2,623,235	746,457	3,369,692

All borrowings are denominated in Ringgit Malaysia.

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Notes – Continued

B10. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (i) Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the reporting date, the Group held the following financial instruments carried at fair value on the statement of financial position:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2023				
Assets				
Financial assets at fair value through other comprehensive income	574	-	3,345	3,919

B11. Material Litigation

There was no material litigation pending as at the date of this report.

B12. Dividend

No dividend has been declared for the current financial quarter.

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INTERIM FINANCIAL REPORT

Notes – Continued

B13. Earnings per share

(i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the net profit attributable to owners of the parent for the financial quarter/period by the weighted average number of ordinary shares in issue during the financial quarter/period as set out below:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2023	Preceding Year Corresponding Quarter 30.09.2022	3 Months Ended	
			30.09.2023	30.09.2022
Profit attributable to owners of the parent (RM'000)	<u>96,104</u>	<u>953</u>	<u>96,104</u>	<u>953</u>
Weighted average number of ordinary shares ('000)	<u>1,310,201</u>	<u>1,310,201</u>	<u>1,310,201</u>	<u>1,310,201</u>
Basic earnings per share (sen)	<u>7.34</u>	<u>0.07</u>	<u>7.34</u>	<u>0.07</u>

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INTERIM FINANCIAL REPORT

Notes – Continued

B13. Earnings per share (continued)

(ii) Diluted earnings per share

The diluted earnings per share of the Group has been computed by dividing the net profit attributable to owners of the parent for the financial quarter/period by the adjusted weighted average number of ordinary shares in issue during the financial quarter/period as set out below:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2023	Preceding Year Corresponding Quarter 30.09.2022	3 Months Ended	
			30.09.2023	30.09.2022
Profit attributable to owners of the parent (RM'000)	96,104	953	96,104	953
Weighted average number of ordinary shares ('000)	1,310,201	1,310,201	1,310,201	1,310,201
Effect of conversion of ICPS to ordinary shares ('000)	466,667	466,667	466,667	466,667
Effect of unexercised employees' share option scheme ('000)	54,455	-	54,455	-
	<u>1,831,323</u>	<u>1,776,868</u>	<u>1,831,323</u>	<u>1,776,868</u>
Diluted earnings per share (sen)	<u>5.25</u>	<u>0.05</u>	<u>5.25</u>	<u>0.05</u>

Total cash expected to be received in the event of an exercise of all outstanding employees' share options is RM368.7 million. Accordingly, the Net Asset ("NA") on a proforma basis at the end of the current year will increase by RM368.7 million whilst NA per share will decrease by RM0.26. In arriving at the diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.

By Order of the Board

HO SAY KENG

Secretary

Kuala Lumpur

Dated: 23 November 2023