

PMB Technology Berhad

(Company No.584257-X)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR QUARTER 30 SEP 2016 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 SEP 2015 RM'000	UNAUDITED CURRENT YEAR TO DATE 30 SEP 2016 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 SEP 2015 RM'000
Revenue		85,415	126,751	253,919	345,882
Operating expenses		(81,239)	(121,669)	(241,419)	(333,423)
Other operating income		76	5	178	365
Profit from operations		4,252	5,087	12,678	12,824
Finance costs		(1,055)	(1,506)	(3,097)	(4,754)
Profit before tax		3,197	3,581	9,581	8,070
Taxation	B5	(952)	(887)	(2,526)	(2,017)
Profit for the period		2,245	2,694	7,055	6,053
Profit attributable to :					
Owners of the Company		2,245	2,694	7,055	6,053
Non-controlling interest		-	-	-	-
Profit for the period		2,245	2,694	7,055	6,053
Basic earning per share attributable to owners of the company (sen)	B11	2.90	3.48	9.11	7.81
(based on 77,479,800 ordinary shares of RM0.50 each)					

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

PMB Technology Berhad*(Company No.584257-X)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED CURRENT YEAR QUARTER 30 SEP 2016 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 SEP 2015 RM'000	UNAUDITED CURRENT YEAR TO DATE 30 SEP 2016 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 SEP 2015 RM'000
Profit for the period	2,245	2,694	7,055	6,053
<i>Other comprehensive income, net of tax</i>				
Foreign currency translation differences for foreign operations	1,072	5,827	(1,267)	8,198
Total comprehensive income for the period	<u>3,317</u>	<u>8,521</u>	<u>5,788</u>	<u>14,251</u>
Total comprehensive income attributable to :				
Owners of the Company	3,317	8,521	5,788	14,251
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	<u>3,317</u>	<u>8,521</u>	<u>5,788</u>	<u>14,251</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

PMB Technology Berhad*(Company No.584257-X)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT CURRENT FINANCIAL QUARTER END 30-SEP-16 RM'000 UNAUDITED	31-DEC-15 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	88,708	93,062
Investment properties	1,254	1,276
Investment in associates	-	-
Goodwill	792	792
	<u>90,754</u>	<u>95,130</u>
Current assets		
Inventories and amount due from contract customers	101,270	89,182
Trade receivables	85,751	97,853
Other receivables, deposits and prepayments	5,046	4,154
Amount due from related companies	19,417	17,040
Tax recoverable	238	1,221
Cash and bank balances	34,633	40,864
	<u>246,355</u>	<u>250,314</u>
TOTAL ASSETS	<u>337,109</u>	<u>345,444</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	40,000	40,000
Share premium	11,446	12,713
Retained profit	98,549	93,819
Treasury shares, at cost	(2,220)	(2,220)
	<u>147,775</u>	<u>144,312</u>
Non-controlling interest	-	-
Total equity	<u>147,775</u>	<u>144,312</u>
Non-current liabilities		
Hire purchase & finance lease liabilities	1,804	2,155
Term loan	6,482	9,283
Deferred taxation	7,682	7,682
	<u>15,968</u>	<u>19,120</u>
Current Liabilities		
Trade payables	23,808	29,317
Amount due to contract customers	10,659	7,353
Other payables and accruals	7,660	11,163
Hire purchase & finance lease liabilities	1,334	1,997
Overdraft & short term borrowings	80,886	87,161
Amount due to related companies	48,540	44,222
Dividend payable	-	775
Taxations	479	24
	<u>173,366</u>	<u>182,012</u>
Total liabilities	<u>189,334</u>	<u>201,132</u>
TOTAL EQUITY AND LIABILITIES	<u>337,109</u>	<u>345,444</u>
Net assets per share attributable to the owners of the company (RM) (based on 77,479,800 ordinary shares of RM0.50 each)	1.91	1.86

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company					Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable		Foreign currency translation reserve RM'000	Distributable Retained Profits RM'000			
At 1 January 2016	40,000	6,941	(2,220)	5,772	93,819	144,312	-	144,312
Total comprehensive income for the period	-	-	-	(1,267)	7,055	5,788	-	5,788
Dividend								
- Fourth Interim dividend for the financial year ended 31 Dec 2015	-	-	-	-	(775)	(775)	-	(775)
- Interim dividends for the financial year ending 31 Dec 2016	-	-	-	-	(1,550)	(1,550)	-	(1,550)
At 30 September 2016	40,000	6,941	(2,220)	4,505	98,549	147,775	-	147,775
At 1 January 2015	40,000	6,941	(2,220)	(1,182)	89,197	132,736	-	132,736
Total comprehensive income for the period	-	-	-	8,198	6,053	14,251	-	14,251
Dividend								
- Third Interim dividend for the financial year ended 31 Dec 2014	-	-	-	-	(775)	(775)	-	(775)
- Interim dividends for the financial year ending 31 Dec 2015	-	-	-	-	(1,550)	(1,550)	-	(1,550)
At 30 September 2015	40,000	6,941	(2,220)	7,016	92,925	144,662	-	144,662

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

PMB Technology Berhad

(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED FOR THE 9 MONTHS ENDED 30-SEP-16 RM'000	UNAUDITED FOR THE 9 MONTHS ENDED 30-SEP-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,581	8,070
Adjustments for:		
Depreciation	7,293	6,082
Net loss / (gain) on disposal of property, plant and equipment and investment properties	7	(5)
Interest income	(8)	(8)
Interest expense	3,097	4,754
Operating profit before working capital changes	<u>19,970</u>	<u>18,893</u>
Changes in working capital:		
Inventories & amount due from contract customers	(3,029)	9,660
Trade and other receivables	(226)	(17,152)
Trade and other payables	(2,163)	1,037
Cash from operations	<u>14,552</u>	<u>12,438</u>
Income taxes paid	(1,088)	(1,405)
Interest expenses paid	(3,097)	(4,754)
Interest received	8	8
Net cash from operating activities	<u>10,375</u>	<u>6,287</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and investment properties	(3,066)	(6,787)
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	142	5
Net cash used in investing activities	<u>(2,924)</u>	<u>(6,782)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(1,014)	(1,173)
Repayment of bank borrowings	(8,979)	(5,879)
Repayment of term loan	(2,593)	(2,419)
Dividend paid	(2,325)	(2,325)
Net cash used in financing activities	<u>(14,911)</u>	<u>(11,796)</u>
Exchange differences on translation of the financial statements of foreign operations	<u>(1,267)</u>	<u>8,198</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(8,727)</u>	<u>(4,093)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>40,617</u>	<u>36,256</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>31,890</u></u>	<u><u>32,163</u></u>
The cash & cash equivalents comprise:		
Cash & bank balances	34,633	38,069
Bank overdraft	(2,743)	(5,906)
	<u><u>31,890</u></u>	<u><u>32,163</u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015)

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

PART A : EXPLANATORY NOTES

A1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2015.

A2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with those adopted for the financial year ended 31 December 2015, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2016.

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure on Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Annual Improvements to MFRs 2012-2014 Cycle

The adoption of the above standards, amendments and annual improvement did not have any material financial impacts to the Group.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

A2. Significant Accounting Policies (Cont'd)

Standards issued but not yet effective

i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

ii) MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendment to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to adopt the above when they become effective in the respective financial periods. The adoption of the above is not expected to have any material impacts to the financial statements of the Group upon their initial adoption.

A3. Seasonal or cyclical of operations

The business of the Group was not significantly affected by any seasonal or cyclical factors.

A4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter under review.

A5. Changes in estimates

There were no material changes in estimated amount reported in prior period which have a material effect on the current financial year-to-date.

A6. Debt and equity securities

There were no issuance and repayment of debt and share buy-backs for the financial year-to-date.

As at 30 September 2016, a total of 2,520,200 shares were held as treasury shares at cost in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965. None of the treasury shares repurchased has been sold or cancelled.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

A7. Dividend paid

The third interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2015 was paid to shareholders on 13 January 2016.

The fourth interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2015 was paid to shareholders on 5 April 2016.

The first interim single tier dividend of 2% totaling RM774,798.00 for the financial year ending 31 December 2016 was paid to shareholders on 9 June 2016.

The second interim single tier dividend of 2% totaling RM774,798.00 for the financial year ending 31 December 2016 was paid to shareholders on 20 September 2016.

A8. Segmental information

Segmental information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

Manufacturing & trading : Manufacture of aluminium access equipment and other related products, marketing and trading of aluminium products and other products.

Construction & fabrication : Contracting, designing and fabrication of aluminium curtain wall, cladding system and system formwork.

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 September 2016</u>				
Revenue from external customers	50,925	34,490		85,415
Inter-segment revenue	1,530	-	(1,530)	-
Total revenue	52,455	34,490	(1,530)	85,415
Segment result	2,727	1,525		4,252
Finance cost				(1,055)
Tax expense				(952)
Profit for the period				2,245

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

A8. Segmental information (cont'd)

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2016</u>				
Revenue from external customers	142,036	111,883		253,919
Inter-segment revenue	2,707	-	(2,707)	-
Total revenue	144,743	111,883	(2,707)	253,919
Segment result	6,521	6,157		12,678
Finance cost				(3,097)
Tax expense				(2,526)
Profit for the period				7,055
Segment assets	262,017	180,450	(105,358)	337,109
Segment liabilities	136,272	115,609	(62,547)	189,334

A9. Valuation of property, plant and equipment

Property, plant and equipment of the Group were not revalued during the current quarter under review. All the property, plant and equipment were stated at costs less accumulated depreciation.

A10. Material events subsequent to the balance sheet date

There were no material subsequent events since the end of the current quarter to the date of issue of this report that have not been reflected in the financial statements for the current financial year-to-date.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A12. Contingent liabilities

There were no material changes in contingent liability as at the date of this quarterly report.

A13. Capital commitments

As at 30 September 2016, the Group has no capital commitments not provided for in the financial statements.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

A14. Related Party Transactions

<u>The Group</u>	<u>Current year to-date</u> RM'000
With the affiliated companies - Press Metal Berhad Group	
Purchase of aluminium products	<u>111,610</u>
Sale of fabricated aluminium products and building materials	<u>18,031</u>

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Operating Segments Review

(a) Q3/16 vs Q3/15

The Group's revenue was lower at RM85.4 million, representing a decrease of 33% from RM126.8 million recorded in Q3/15. The decrease was mainly due to lower revenue contribution from Construction and Fabrication segment.

In line with lower revenue, the Group's profit before tax ("PBT") decreased from RM3.6 million to RM3.2 million.

Manufacturing and Trading segment

Revenue from Manufacturing and Trading segment increased by 5% from RM48.5 million to RM50.9 million. However, the segment profit improved by 40% to RM2.7 million which was mainly attributable to the foreign exchange loss recorded in Q3/15.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment was lower at RM34.5 million, representing a decrease of 56% from RM78.2 million. It was mainly due to slower progress of certain on-going projects during the current quarter under review.

In line with lower revenue, the segment profit decreased by 51%, from a segment profit of RM3.1 million recorded in Q3/15 to RM1.5 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

B1. Operating Segments Review (cont'd)

(b) 9M/2016 vs 9M/2015

The Group recorded a revenue of RM253.9 million for the nine months ended 30 September 2016("9M/2016"), representing a decrease of 27% from RM345.9 million recorded for the nine months ended 30 September 2015("9M/2015"). However, the Group's PBT increased by 19% from RM8.1 million to RM9.6 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment decreased by 3% from RM146.7 million to RM142.0 million. However, with lower foreign exchange loss, the segment profit increased from RM4.6 million to RM6.5 million.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM111.9 million for 9M/2016, representing a decrease of 44% compared to RM199.2 million recorded for 9M/2015. The decrease was due to slower progress for certain on-going projects. In line with lower revenue, segment profit decreased by 25% from RM8.2 million to RM6.2 million.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q3/16 vs Q2/16)

Compared with the preceding quarter, the Group's revenue decreased by 10% from RM94.6 million to RM85.4 million which was mainly due to lower revenue contributed by Construction and Fabrication segment. In line with lower revenue, the Group's PBT decreased to RM3.2 million.

B3. Current year prospects

In line with the Group's current operation activities, the operating results for the remaining of the year are expected to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

B5. Taxation

	Quarter Ended 30/09/16 RM'000	Current Year To-date RM'000
Current income tax	<u>952</u>	<u>2,526</u>

The Group's effective tax rate for the financial year-to-date under review was 26.4%, slightly higher than the prima facie tax rate.

B6. Retained Earnings

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	136,373	133,318
Unrealised	<u>(7,682)</u>	<u>(6,991)</u>
	128,691	126,327
Consolidation Adjustments	<u>(30,142)</u>	<u>(32,508)</u>
Total Group retained earnings as per consolidated accounts	<u>98,549</u>	<u>93,819</u>

B7. Status of Corporate Proposals Announced

There were no corporate proposals announced but pending implementation during the financial quarter.

B8. Group borrowings and debt securities as at 30 September 2016

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	2,743	2,743
Revolving credit	-	10,630	10,630
Trade facilities	-	63,823	63,823
Term loan	<u>3,690</u>	-	<u>3,690</u>
	3,690	77,196	80,886
(ii) Long term			
Term loan	<u>6,482</u>	-	<u>6,482</u>
Total	<u>10,172</u>	<u>77,196</u>	<u>87,368</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

B8. Group borrowings and debt securities as at 30 September 2016 (cont'd)

(b) Foreign currency bank borrowings

Foreign currency bank borrowings that denominated in Hong Kong Dollar ("HKD") included in the above borrowings are as follows:

	<u>HKD'000</u>	<u>RM'000 Equivalent</u>
Overdraft	1,626	870
Revolving credit	18,000	9,630
Trade facilities	31,893	17,063
	<u>51,519</u>	<u>27,563</u>

B9. Material Litigation

There was no material litigation against the Group as at the reporting date.

B10. Proposed Dividend

The Directors declared a Third interim single tier dividend of 2% per share for the financial year ending 31 December 2016 and will be paid to shareholders on 8 December 2016. The entitlement date for the said dividend shall be 18 November 2016.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 18 November 2016 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Rules of Bursa Malaysia Securities Berhad.

B11. Earnings Per Share

	<u>Current quarter</u>	<u>Year to-date</u>
Basic earnings per share		
Net profit attributable to the Owners of the Company (RM'000)	2,245	7,055
<i>Weighted average number of ordinary shares of RM0.50 each in issue - net of treasury shares held ('000)</i>		
Issued at the beginning of the period	77,480	77,480
Basic earnings per share (sen)	<u>2.90</u>	<u>9.11</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

B12. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2015 was not subject to any qualification.

B13. Notes to the Condensed Consolidated Income Statement

PBT is arrived at after charging and (crediting) the following items:

		Current Quarter RM'000	Current Financial To-date RM'000
a)	Interest income	(7)	(8)
b)	Other income including investment income	(74)	(120)
c)	Interest expense	1,055	3,097
d)	Depreciation and amortization	3,866	7,293
e)	Provision for and write off of receivables	-	-
f)	Provision for and write off of inventories	-	-
g)	(Gain) and loss on disposal of quoted or unquoted Investments or properties	-	-
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	(294)	201
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming

Chief Executive Officer

28 October 2016