

PMB Technology Berhad

(Company No.584257-X)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2017 RM'000	Changes %
Revenue		151,797	123,476	23%	265,943	224,308	19%
Operating expenses		(145,174)	(118,141)	23%	(254,800)	(215,129)	18%
Other operating income		66	59	12%	134	275	-51%
Profit from operations		6,689	5,394	24%	11,277	9,454	19%
Finance costs		(1,979)	(1,471)	35%	(3,901)	(2,459)	59%
Profit before tax		4,710	3,923	20%	7,376	6,995	5%
Taxation	B5	(1,108)	(956)	16%	(1,770)	(1,682)	5%
Profit for the period		3,602	2,967	21%	5,606	5,313	6%
Profit attributable to :							
Owners of the Company		3,602	2,967	21%	5,606	5,313	6%
Non-controlling interest		-	-		-	-	
Profit for the period		3,602	2,967	21%	5,606	5,313	6%
Earning per share attributable to owners of the company (sen)	B11						
Basic/Diluted		2.32	1.91	21%	3.62	3.43	6%
(based on 154,959,600 ordinary shares *)							

* After the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares.

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad

(Company No.584257-X)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2017 RM'000	Changes %
Profit for the period	3,602	2,967	21%	5,606	5,313	6%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	1,263	(1,376)	-192%	(589)	(1,993)	-70%
Total comprehensive income for the period	<u>4,865</u>	<u>1,591</u>	<u>206%</u>	<u>5,017</u>	<u>3,320</u>	<u>51%</u>
Total comprehensive income attributable to :						
Owners of the Company	4,865	1,591	206%	5,017	3,320	51%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	<u>4,865</u>	<u>1,591</u>	<u>206%</u>	<u>5,017</u>	<u>3,320</u>	<u>51%</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

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

	AS AT CURRENT FINANCIAL QUARTER END 30-JUNE-18 RM'000 UNAUDITED	31-DEC-17 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	235,099	121,424
Investment properties	1,201	1,216
Investment in associates	-	-
Goodwill	792	792
	<u>237,092</u>	<u>123,432</u>
Current assets		
Inventories and amount due from contract customers	89,710	84,758
Trade receivables	126,641	113,424
Other receivables, deposits and prepayments	13,866	32,116
Amount due from related companies	13,345	21,329
Tax recoverable	2,781	2,892
Cash and bank balances	41,402	53,196
	<u>287,745</u>	<u>307,715</u>
TOTAL ASSETS	<u>524,837</u>	<u>431,147</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	46,941	46,941
Foreign currency translation reserve	2,738	3,327
Retained profit	113,575	108,744
Treasury shares, at cost	(2,220)	(2,220)
	<u>161,034</u>	<u>156,792</u>
Non-controlling interest	-	-
Total equity	<u>161,034</u>	<u>156,792</u>
Non-current liabilities		
Hire purchase & finance lease liabilities	5,737	6,954
Term loan	47,065	22,729
Deferred taxation	6,466	6,466
	<u>59,268</u>	<u>36,149</u>
Current Liabilities		
Trade payables	43,903	40,248
Amount due to contract customers	13,586	15,278
Other payables and accruals	9,144	18,757
Hire purchase & finance lease liabilities	5,198	4,503
Overdraft & short term borrowings	143,565	118,784
Amount due to related companies	87,856	39,266
Taxations	1,283	1,370
	<u>304,535</u>	<u>238,206</u>
Total liabilities	<u>363,803</u>	<u>274,355</u>
TOTAL EQUITY AND LIABILITIES	<u>524,837</u>	<u>431,147</u>
Net assets per share attributable to the owners of the company (RM) (based on 154,959,600 ordinary shares *)	1.04	1.01

* After the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

PMB Technology Berhad

(Company No.584257-X)

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	Share Premium RM'000	Treasury Shares RM'000	Foreign currency translation reserve RM'000	Retained Profits RM'000			
At 1 January 2018	46,941	-	(2,220)	3,327	108,744	156,792	-	156,792
Total comprehensive income for the period	-	-	-	(589)	5,606	5,017	-	5,017
Dividend								
- Fourth Interim dividend for the financial year ended 31 Dec 2017	-	-	-	-	(775)	(775)	-	(775)
At 30 June 2018	46,941	-	(2,220)	2,738	113,575	161,034	-	161,034
At 1 January 2017	40,000	6,941	(2,220)	7,540	101,435	153,696	-	153,696
Adjustment for effects of Companies Act 2016 **	6,941	(6,941)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,993)	5,313	3,320	-	3,320
Dividend								
- Fourth Interim dividend for the financial year ended 31 Dec 2016	-	-	-	-	(775)	(775)	-	(775)
- First interim dividend for the financial year ending 31 Dec 2017	-	-	-	-	(775)	(775)	-	(775)
At 30 June 2017	46,941	-	(2,220)	5,547	105,198	155,466	-	155,466

** With the Companies Act 2016 ("New Act") effective on 31 January 2017, the credit standing in the share premium account of RM 6,941,000 has been transferred to the share capital account. Pursuant to section 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months upon the commencement of the New Act i.e. by 31 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

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

	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-18 RM'000	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,376	6,995
Adjustments for:		
Depreciation	6,816	5,476
Net gain on disposal of property, plant and equipment and investment properties	(56)	(180)
Interest income	(31)	(5)
Interest expense	3,901	2,459
Operating profit before working capital changes	<u>18,006</u>	<u>14,745</u>
Changes in working capital:		
Inventories & amount due from contract customers	(4,952)	(15,865)
Trade and other receivables	13,017	14,813
Trade and other payables	40,940	(4,295)
Cash generated from operations	<u>67,011</u>	<u>9,398</u>
Income taxes paid	(1,746)	(1,996)
Net cash from operating activities	<u>65,265</u>	<u>7,402</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and investment properties	(120,476)	(32,225)
Interest received	31	5
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	56	180
Net cash used in investing activities	<u>(120,389)</u>	<u>(32,040)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(775)	(1,550)
Interest expenses paid	(3,901)	(2,459)
Proceeds from hire purchase creditors	-	783
Repayment of hire purchase	(522)	-
Proceeds from bank borrowings	-	42,931
Repayment of bank borrowings	(8,107)	-
Proceeds from loan	53,695	-
Repayment of loan	-	(1,847)
Net cash from financing activities	<u>40,390</u>	<u>37,858</u>
Exchange differences on translation of the financial statements of foreign operations	<u>(589)</u>	<u>(1,993)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(15,323)</u>	<u>11,227</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>52,425</u>	<u>41,216</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>37,102</u>	<u>52,443</u>
The cash & cash equivalents comprise:		
Cash & bank balances	41,402	58,233
Bank overdraft	<u>(4,300)</u>	<u>(5,790)</u>
	<u>37,102</u>	<u>52,443</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017)

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

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, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia.

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 2017. The explanatory notes attached to the condensed consolidated financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the year ended 31 December 2017.

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 2017, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2018.

-) MFRS 9, *Financial Instruments (2014)*
-) MFRS 15, *Revenue from Contracts with Customers*
-) Clarifications to MFRS 15, *Revenue from Contracts with Customers*
-) IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
-) Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)**
-) Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions**
-) Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts**
-) Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
-) Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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 SECOND QUARTER ENDED 30 JUNE 2018**

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 2019

-) MFRS 16, *Leases*
-) IC Interpretation 23, *Uncertainty over Income Tax Treatments*
-) Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
-) Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
-) Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)***
-) Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
-) Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement***
-) Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
-) Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

-) MFRS 17, *Insurance Contracts*

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

-) Amendments 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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

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 June 2018, a total of 5,040,400 shares (after the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares) were held as treasury shares at cost in accordance with the requirements of Section 127 of the Companies Act, 2016. None of the treasury shares repurchased has been sold or cancelled.

A7. Dividend paid

The fourth interim single tier dividend of 1 sen per share totaling RM774,798.00 for the financial year ended 31 December 2017 was paid to shareholders on 18 April 2018.

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

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

A8. Segmental information (cont'd)

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 June 2018</u>				
Revenue from external customers	54,838	96,959		151,797
Inter-segment revenue	12,405	3,321	(15,726)	-
Total revenue	67,243	100,280	(15,726)	151,797
Segment result	2,404	4,285		6,689
Finance cost				(1,979)
Tax expense				(1,108)
Profit for the period				3,602
<u>6 months ended 30 June 2018</u>				
Revenue from external customers	108,546	157,397		265,943
Inter-segment revenue	18,954	10,762	(29,716)	-
Total revenue	127,500	168,159	(29,716)	265,943
Segment result	4,306	6,971		11,277
Finance cost				(3,901)
Tax expense				(1,770)
Profit for the period				5,606
Segment assets	527,489	241,828	(244,480)	524,837
Segment liabilities	395,411	170,033	(201,641)	363,803

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

Save for Note B6 pertaining to the issuance of the irredeemable convertible unsecured loan stock, 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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

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 June 2018, the Group has the following known capital commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>39,987</u>

A14. Related Party Transactions

The Group

With the affiliated companies - Press Metal Aluminium Holding Berhad Group

	<u>Current year to-date</u>
	RM'000
Purchase of aluminium products	<u>103,140</u>
Sale of fabricated aluminium products and building materials	<u>15,693</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) Q2/18 vs Q2/17

The Group's revenue was higher at RM151.8 million, representing an increase of 23% from RM123.5 million recorded in Q2/17. The increase was mainly due to higher revenue contribution from both segments.

In line with higher revenue, the Group's profit before tax ("PBT") increased from RM3.9 million to RM4.7 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B1. Operating Segments Review (cont'd)

(a) Q2/18 vs Q2/17 (Cont'd)

Manufacturing and Trading segment

The revenue from Manufacturing and Trading segment increased by 9% from RM50.3 million to RM54.8 million, mainly due to the increase in aluminium price. Higher selling price coupled with better product mix, the segment profit increased by 68% from RM1.4 million to RM2.4 million.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment was higher at RM97.0 million, representing an increase of 32% from RM73.2 million. It was mainly due to the acceleration progress of certain on-going projects during the current quarter under review.

In line with higher revenue after setting off higher aluminium cost, the segment profit increased by 8% from RM4.0 million to RM4.3 million.

(b) 6M/2018 vs 6M/2017

The Group recorded a revenue of RM265.9 million for the six months ended 30 June 2018("6M/2018"), representing an increase of 19% from RM224.3 million recorded for the six months ended 30 June 2017("6M/2017"). In line with higher revenue, the Group's PBT increased from RM7.0 million to RM7.4 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 12% from RM97.2 million to RM108.5 million, mainly due to the increase in aluminium price. Higher selling price coupled with better product mix, the segment profit increased by RM1.4 million to RM4.3 million during the current period under review.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM157.4 million for 6M/2018, representing an increase of 24% compared to RM127.1 million recorded for 6M/2017. The increase was due to the acceleration progress for certain on-going projects. In line with higher revenue, segment profit increased from RM6.5 million to RM7.0 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q2/18 vs Q1/18)

Compared with the preceding quarter, the Group's revenue increased by 33% from RM114.1 million to RM151.8 million, mainly contributed by the acceleration work progress from Construction and Fabrication segment. In tandem with higher revenue, the Group's PBT increased by 66% from RM2.7 million to RM4.7 million.

B3. Current year prospects

The escalation of trade tensions between the US and its trading partners and the rising political uncertainty in Europe could lead to an adverse impact on the world economy.

On the domestic front, the cancellation or delay in the implementation of some mega projects will have some dampening effect on the growth of the local construction and fabrication industries. Taking this into consideration, the Group is focusing its growth in the overseas market such as Hong Kong, Australia, Philippines, Bangladesh and the United Kingdom while we currently have a relatively strong book order.

The Group's diversification into the metallic silicon market, targeted to start operation by the end of the year would provide a positive platform into the commodity market in the near future.

Barring any unforeseen circumstances, the Group will endeavour to strengthen its position in order to achieve a satisfactory result.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 30/06/18 RM'000	Current Year To-date RM'000
Current income tax	<u>1,108</u>	<u>1,770</u>

The Group's effective tax rate for the financial year-to-date under review was 24%, which is equivalent to the prima facie tax rate.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B6. Status of Corporate Proposals Announced

On 4 May 2018, the Company has completed the share split involving the subdivision of every one (1) ordinary share in the Company into two (2) ordinary shares.

On 18 July 2018, the Company has completed the Renounceable Rights Issue of RM212,294,652 nominal value of 5-Year 3.00% irredeemable convertible unsecured loan stocks (“**ICULS**”) at 100% of its nominal value of RM2.74 each on the basis of one (1) ICULS for every two (2) existing ordinary shares, together with 38,739,900 free detachable warrants (“**Warrant(s)**”) on the basis of one (1) Warrant for every two (2) ICULS subscribed. (“**Rights Issue of ICULS with Warrants**”)

77,479,800 ICULS were issued pursuant to the Rights Issue of ICULS with Warrants and the total proceeds raised was RM212,294,652.

At the date of this report, the status of utilisation of proceeds from the Right Issue of ICULS with Warrants are as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Estimated Timeframe for Utilisation from listing of the ICULS and Warrants
(i) Construction of PMB Silicon Facility*	114,995	55,994	Within 12 months
(ii) Purchase of equipment for the PMB Silicon Facility*	96,000	25,197	Within 12 months
(iii) Estimated expenses in relation to the Corporate Exercise	1,300	1,300	Upon the completion of Rights Issue of ICULS with Warrants
Total	212,295	82,491	

* The plant to be constructed for the manufacturing of metallic silicon, to be located at Samalaju Industrial Park, Bintulu, Sarawak.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B7. Group borrowings and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 June 2018</u>			
(a) (i) Short term			
Overdraft	-	4,300	4,300
Bridging loan	-	30,000	30,000
Revolving credit	-	12,170	12,170
Trade facilities	-	93,927	93,927
Term loan	3,168	-	3,168
	<u>3,168</u>	<u>140,397</u>	<u>143,565</u>
(ii) Long term			
Term loan	47,065	-	47,065
	<u>47,065</u>	<u>-</u>	<u>47,065</u>
Total	<u>50,233</u>	<u>140,397</u>	<u>190,630</u>
	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 June 2017</u>			
(a) (i) Short term			
Overdraft	-	5,790	5,790
Revolving credit	-	18,600	18,600
Trade facilities	-	107,566	107,566
Term loan	3,887	-	3,887
	<u>3,887</u>	<u>131,956</u>	<u>135,843</u>
(ii) Long term			
Term loan	3,540	-	3,540
	<u>3,540</u>	<u>-</u>	<u>3,540</u>
Total	<u>7,427</u>	<u>131,956</u>	<u>139,383</u>

(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>As at 30/06/2018</u>		<u>As at 30/06/2017</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	1,806	930	3,411	1,876
Revolving credit	21,689	11,170	32,000	17,600
Trade facilities	3,911	2,014	76,986	42,342
	<u>27,406</u>	<u>14,114</u>	<u>112,397</u>	<u>61,818</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B7. Group borrowings and debt securities (cont'd)

The Group borrowings has increased by RM51.25 million from RM139.38 million to RM190.63 million mainly due to the term loan drawdown for the acquisition of the plant and machineries in Prai, Penang and the term loan as well as the bridging loan drawdown for the metallic silicon plant in Bintulu, Sarawak.

B8. Material Litigation

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

B9. Proposed Dividend

The Directors declared a First interim single tier dividend of 1 sen per share for the financial year ending 31 December 2018 and will be payable to shareholders on 20 September 2018. The entitlement date for the said dividend shall be 6 September 2018.

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 6 September 2018 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.

B10. 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)	3,602	5,606
Weighted average number of ordinary shares in issue - net of treasury shares held ('000)*	154,900	154,900
Basic earnings per share (sen)	<u>2.32</u>	<u>3.62</u>

*After the completion of the Share Split involving the subdivision of every one (1) existing ordinary share into two (2) ordinary shares.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B11. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2017 was not subject to any qualification.

B12. 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	(29)	(31)
b)	Other income including investment income	(60)	(80)
c)	Interest expense	1,979	3,901
d)	Depreciation and amortization	3,582	6,816
e)	(Reversal)/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	686	638
j)	(Gain) or loss on derivatives	(303)	(303)
k)	Exceptional items	-	-

B13. Derivative Financial Instruments

As at 30 June 2018, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/Notional value RM'000	Fair value assets RM'000
Foreign Exchange Forward Contract - Less than 1 year	7,415	303

The Group entered into the forward exchange contracts to hedge its highly probable forecast transactions denominated in foreign currency expected to occur in the future. Such contracts have maturity dates that match the expected occurrence of these transactions. These financial instruments are stated at fair value based on the financial institution's quote.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2018**

B13. Derivative Financial Instruments (cont'd)

There is no significant change in any of the information disclosed since the preceding financial year ended 31 December 2017:

- (i) The credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) The cash requirements of the derivatives;
- (iii) The policies in place for mitigating or controlling the risks associated with these derivatives; and
- (iv) The related accounting policies.

B14. Fair Value Changes of Financial Liabilities

There were no fair value changes of financial liabilities during the current quarter ended 30 June 2018.

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
15 August 2018