

PMB Technology Berhad

(Company No.584257-X)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		UNAUDITED CURRENT YEAR QUARTER 30 SEP 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 SEP 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 SEP 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 SEP 2017 RM'000	Changes %
Revenue		125,606	127,486	-1%	391,549	351,794	11%
Operating expenses		(121,350)	(122,862)	-1%	(376,150)	(337,991)	11%
Other operating income		308	222	39%	442	497	-11%
Profit from operations		4,564	4,846	-6%	15,841	14,300	11%
Finance costs		(2,035)	(1,641)	24%	(5,936)	(4,100)	45%
Profit before tax		2,529	3,205	-21%	9,905	10,200	-3%
Taxation	B5	(904)	(755)	20%	(2,674)	(2,437)	10%
Profit for the period		1,625	2,450	-34%	7,231	7,763	-7%
Profit attributable to :							
Owners of the Company		1,625	2,450	-34%	7,231	7,763	-7%
Non-controlling interest		-	-		-	-	
Profit for the period		1,625	2,450	-34%	7,231	7,763	-7%
Basic earnings per share (sen)	B10 (a)	1.05	1.58	-34%	4.66	5.01	-7%
Diluted earnings per share (sen)	B10 (b)	0.90	1.58	-43%	4.01	5.01	-20%

(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 SEP 2018 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 SEP 2017 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 SEP 2018 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 SEP 2017 RM'000	Changes %
Profit for the period	1,625	2,450	-34%	7,231	7,763	-7%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	682	(620)	-210%	93	(2,613)	-104%
Total comprehensive income for the period	<u>2,307</u>	<u>1,830</u>	<u>26%</u>	<u>7,324</u>	<u>5,150</u>	<u>42%</u>
Total comprehensive income attributable to :						
Owners of the Company	2,307	1,830	26%	7,324	5,150	42%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	<u>2,307</u>	<u>1,830</u>	<u>26%</u>	<u>7,324</u>	<u>5,150</u>	<u>42%</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-SEP-18 RM'000 UNAUDITED	31-DEC-17 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	346,320	121,424
Investment properties	1,194	1,216
Investment in associates	-	-
Goodwill	792	792
Deferred tax assets	5,505	-
	<u>353,811</u>	<u>123,432</u>
Current assets		
Inventories and amount due from contract customers	105,685	84,758
Trade receivables	119,004	113,424
Other receivables, deposits and prepayments	14,956	32,116
Amount due from related companies	12,490	21,329
Tax recoverable	3,194	2,892
Cash and bank balances	89,277	53,196
	<u>344,606</u>	<u>307,715</u>
TOTAL ASSETS	<u>698,417</u>	<u>431,147</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	51,151	46,941
Foreign currency translation reserve	3,420	3,327
Equity component of ICULS	155,762	-
Warrant reserves	33,921	-
Retained profit	112,963	108,744
Treasury shares, at cost	(2,220)	(2,220)
	<u>354,997</u>	<u>156,792</u>
Non-controlling interest	-	-
Total equity	<u>354,997</u>	<u>156,792</u>
Non-current liabilities		
Hire purchase & finance lease liabilities	6,445	6,954
Term loan	45,867	22,729
Liability component of ICULS	24,580	-
Deferred taxation	6,466	6,466
	<u>83,358</u>	<u>36,149</u>
Current Liabilities		
Trade payables	42,641	40,248
Amount due to contract customers	15,336	15,278
Other payables and accruals	8,480	18,757
Hire purchase & finance lease liabilities	6,222	4,503
Overdraft & short term borrowings	110,492	118,784
Amount due to related companies	75,741	39,266
Taxations	1,150	1,370
	<u>260,062</u>	<u>238,206</u>
Total liabilities	<u>343,420</u>	<u>274,355</u>
TOTAL EQUITY AND LIABILITIES	<u>698,417</u>	<u>431,147</u>
Net assets per share attributable to the owners of the company (RM)		
(based on 156,496,150 ordinary shares)	2.27	
(based on 154,959,600 ordinary shares)		1.01

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company						Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Non-distributable				Distributable					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign currency translation reserve RM'000	Equity Component of RCSLS RM'000	Warrants Reserves RM'000				
At 1 January 2018	46,941	-	(2,220)	3,327	-	-	108,744	156,792	-	156,792
Total comprehensive income for the period	-	-	-	93	-	-	7,231	7,324	-	7,324
Issuance of RCSLS	-	-	-	-	159,972	33,921	-	193,893	-	193,893
Conversion of RCSLS	4,210	-	-	-	(4,210)	-	(672)	(672)	-	(672)
Dividend										
- Fourth Interim dividend for the financial year ended 31 Dec 2017	-	-	-	-	-	-	(775)	(775)	-	(775)
- First interim dividend for the financial year ending 31 Dec 2018	-	-	-	-	-	-	(1,565)	(1,565)	-	(1,565)
At 30 September 2018	51,151	-	(2,220)	3,420	155,762	33,921	112,963	354,997	-	354,997
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	-	-	-	(2,613)	-	-	7,763	5,150	-	5,150
Dividend										
- Fourth Interim dividend for the financial year ended 31 Dec 2016	-	-	-	-	-	-	(775)	(775)	-	(775)
- Interim dividends for the financial year ended 31 Dec 2017	-	-	-	-	-	-	(1,550)	(1,550)	-	(1,550)
At 30 September 2017	46,941	-	(2,220)	4,927	-	-	106,873	156,521	-	156,521

** 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 9 MONTHS ENDED 30-SEP-18 RM'000	UNAUDITED FOR THE 9 MONTHS ENDED 30-SEP-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,905	10,200
Adjustments for:		
Depreciation	10,360	8,323
Net gain on disposal of property, plant and equipment and investment properties	(75)	(164)
Interest income	(251)	(10)
Interest expense	5,936	4,100
Operating profit before working capital changes	<u>25,875</u>	<u>22,449</u>
Changes in working capital:		
Inventories & amount due from contract customers	(20,927)	(1,067)
Trade and other receivables	20,419	15,033
Trade and other payables	28,649	(332)
Cash generated from operations	<u>54,016</u>	<u>36,083</u>
Income taxes paid	(3,195)	(3,671)
Net cash from operating activities	<u>50,821</u>	<u>32,412</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and investment properties	(235,234)	(39,817)
Interest received	251	10
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	75	214
Net cash used in investing activities	<u>(234,908)</u>	<u>(39,593)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2,340)	(2,325)
Interest expenses paid	(5,936)	(4,100)
Proceeds from hire purchase creditors	1,210	5,967
Proceeds from bank borrowings	-	42,962
Repayment of bank borrowings	(8,555)	-
Proceeds from loan	22,683	10,007
Proceeds from Rights Issue of ICULS with Warrants	212,295	-
Net cash from financing activities	<u>219,357</u>	<u>52,511</u>
Exchange differences on translation of the financial statements of foreign operations	<u>93</u>	<u>(2,613)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,363	42,717
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	52,425	41,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>87,788</u></u>	<u><u>83,933</u></u>
The cash & cash equivalents comprise:		
Cash & bank balances	89,277	89,240
Bank overdraft	(1,489)	(5,307)
	<u><u>87,788</u></u>	<u><u>83,933</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 2017)

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

A3. Seasonal or cyclical of operations

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

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

As at 30 September 2018, a total of 5,040,400 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.

The first interim single tier dividend of 1 sen per share totaling RM1,564,961.50 for the financial year ending 31 December 2018 was paid to shareholders on 20 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2018</u>				
Revenue from external customers	59,524	66,082		125,606
Inter-segment revenue	7,791	6,163	(13,954)	-
Total revenue	67,315	72,245	(13,954)	125,606
Segment result	1,849	2,715		4,564
Finance cost				(2,035)
Tax expense				(904)
Profit for the period				1,625
<u>9 months ended 30 September 2018</u>				
Revenue from external customers	168,070	223,479		391,549
Inter-segment revenue	26,745	16,925	(43,670)	-
Total revenue	194,815	240,404	(43,670)	391,549
Segment result	6,155	9,686		15,841
Finance cost				(5,936)
Tax expense				(2,674)
Profit for the period				7,231
Segment assets	812,100	216,024	(329,707)	698,417
Segment liabilities	486,029	144,289	(286,898)	343,420

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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

A11. Changes in the composition of the Group

A wholly-owned subsidiary of the Company, Everlast Aluminium (M) Sdn Bhd had on 23 August 2018 incorporated a new wholly-owned subsidiary under the Companies Act 2016, known as Everlast System Builder Sdn Bhd.

Save for the above, 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 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>30,069</u>

A14. Related Party Transactions

The Group

With the affiliated companies - Press Metal Aluminium Holdings Berhad Group

	<u>Current year to-date</u>
	RM'000
Purchase of aluminium products	<u>169,722</u>
Sale of fabricated aluminium products and building materials	<u>22,175</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

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

B1. Operating Segments Review

(a) Q3/18 vs Q3/17

The Group's revenue was lower at RM125.6 million, representing a decrease of 1% from RM127.5 million recorded in Q3/17. The decrease was mainly due to lower revenue contribution from Construction and Fabrication segment.

With the incurrance of the expenses in relation to our recent Corporate Exercise of RM1.3 million, the Group's profit before tax ("PBT") decreased from RM3.2 million to RM2.5 million.

Manufacturing and Trading segment

The revenue from Manufacturing and Trading segment increased by 36% from RM43.8 million to RM59.5 million, mainly due to the increase in aluminium price. Excluding the expenses in relation to our recent Corporate Exercise of RM1.3 million, the segment profit increased from RM2.7 million to RM3.1 million as in line with higher revenue.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment was lower at RM66.1 million, representing a decrease of 21% from RM83.7 million. It was mainly due to slower progress of certain on-going projects during the current quarter under review. However, the segment profit increased from RM2.2 million to RM2.7 million. Lower segment profit recorded in Q3/17 was largely due to higher raw material cost which was not fully passed on to the customers.

(b) 9M/2018 vs 9M/2017

The Group recorded a revenue of RM391.5 million for the nine months ended 30 September 2018("9M/2018"), representing an increase of 11% from RM351.8 million recorded for the nine months ended 30 September 2017("9M/2017"). However, with the incurrance of higher finance cost and the expenses in relation to our Corporate Exercise, the Group's PBT decreased from RM10.2 million to RM9.9 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 19% from RM141.0 million to RM168.1 million, mainly due to the increase in aluminium price. Excluding the expenses in relation to our Corporate Exercise of RM1.3 million, the segment profit increased by RM1.9 million to RM7.5 million during the current period under review, mainly due to higher selling price and better product mix.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B1. Operating Segments Review (cont'd)

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM223.5 million for 9M/2018, representing an increase of 6% compared to RM210.8 million recorded for 9M/2017. The increase was due to the acceleration progress for certain on-going projects. In line with higher revenue, segment profit increased from RM8.7 million to RM9.7 million.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q3/18 vs Q2/18)

Compared with the preceding quarter, the Group's revenue decreased by 17% from RM151.8 million to RM125.6 million which was mainly due to lower revenue contributed by Construction and Fabrication segment. In line with lower revenue as well as the incurrence of the expenses in relation to the Corporate Exercise, the Group's PBT decreased to RM2.5 million.

B3. Current year prospects

The global economy is expected to maintain its growth momentum due to strong growth in the US and the emerging Asia economies. However, given heightening trade tensions, investment and industrial activities are expected to slow down.

On the domestic front, Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. The construction sector is anticipated to expand at a moderate pace, largely driven by ongoing infrastructure projects and an increase in new planned supply in the affordable homes and industrial segments. However, review of several infrastructure projects as well as subdued activities in non-residential subsector is expected to weigh down the sector's performance. 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 to achieve a satisfactory result.

B4. Profit forecast

Not applicable as no profit forecast was published.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

B5. Taxation

	Quarter Ended 30/09/18 RM'000	Current Year To-date RM'000
Current income tax	904	2,674

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.

B6. Status of Corporate Proposals Announced

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	86,908	Within 12 months
(ii) Purchase of equipment for the PMB Silicon Facility*	96,000	33,660	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	121,868	

* 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

B7. Group borrowings and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 September 2018</u>			
(a) (i) Short term			
Overdraft	-	1,489	1,489
Revolving credit	-	7,166	7,166
Trade facilities	-	98,483	98,483
Term loan	3,354	-	3,354
	<u>3,354</u>	<u>107,138</u>	<u>110,492</u>
(ii) Long term			
Term loan	45,867	-	45,867
	<u>45,867</u>	<u>-</u>	<u>45,867</u>
Total	<u><u>49,221</u></u>	<u><u>107,138</u></u>	<u><u>156,359</u></u>

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 September 2017</u>			
(a) (i) Short term			
Overdraft	-	5,307	5,307
Revolving credit	-	25,029	25,029
Trade facilities	-	101,168	101,168
Term loan	3,923	-	3,923
	<u>3,923</u>	<u>131,504</u>	<u>135,427</u>
(ii) Long term			
Term loan	15,358	-	15,358
	<u>15,358</u>	<u>-</u>	<u>15,358</u>
Total	<u><u>19,281</u></u>	<u><u>131,504</u></u>	<u><u>150,785</u></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 30/09/2018</u>		<u>As at 30/09/2017</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	2,000	1,058	1,510	817
Revolving credit	11,657	6,166	44,415	24,028
Trade facilities	6,738	3,565	71,830	38,860
	<u>20,395</u>	<u>10,789</u>	<u>117,755</u>	<u>63,705</u>

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
B7. Group borrowings and debt securities (cont'd)

The Group borrowings has increased by RM5.6 million from RM150.8 million to RM156.4 million mainly due to the term 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

There was no dividend proposed during the current financial year-to-date.

B10. Earnings Per Share
(a) Basic earnings per share

	Current Quarter		Year-to-date	
	<u>30/09/18</u>	<u>30/09/17</u>	<u>30/09/18</u>	<u>30/09/17</u>
Profit attributable to Shareholders (RM'000)	1,625	2,450	7,231	7,763
Weighted average number of ordinary shares ('000)	155,296	154,960	155,296	154,960
Basic earnings per share (sen)	<u>1.05</u>	<u>1.58</u>	<u>4.66</u>	<u>5.01</u>

(b) Diluted earnings per share

	Current Quarter		Year-to-date	
	<u>30/09/18</u>	<u>30/09/17</u>	<u>30/09/18</u>	<u>30/09/17</u>
Profit attributable to Shareholders (RM'000)	1,625	2,450	7,231	7,763
Weighted average number of ordinary shares ('000)	180,300	154,960	180,300	154,960
Diluted earnings per share (sen)	<u>0.90</u>	<u>1.58</u>	<u>4.01</u>	<u>5.01</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	(237)	(251)
b)	Other income including investment income	(32)	(111)
c)	Interest expense	2,035	5,936
d)	Depreciation and amortization	3,544	10,360
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	389	1,026
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

B13. Derivative Financial Instruments

The Group did not enter into any derivatives and accordingly there was no outstanding derivatives as at the end of the financial period.

B14. Fair Value Changes of Financial Liabilities

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

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
8 November 2018