

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2020 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2019 RM'000 Represented	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2020 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2019 RM'000 Represented	Changes %
<b>Continuing operations</b>							
Revenue	B1	84,865	101,923	-17%	260,493	160,278	63%
Operating expenses		(81,753)	(92,213)	-11%	(251,275)	(147,327)	71%
Other operating income		140	(240)	-158%	344	224	54%
Profit from operations		3,252	9,470	-66%	9,562	13,175	-27%
Finance costs		(1,699)	(4,734)	-64%	(4,195)	(6,816)	-38%
Profit before tax		1,553	4,736	-67%	5,367	6,359	-16%
Taxation	B5	(188)	(1,219)	-85%	(1,699)	(1,609)	6%
Profit from continuing operations		1,365	3,517	-61%	3,668	4,750	-23%
<b>Discontinued operations</b>							
Profit from discontinued operations, net of tax		-	815	-100%	-	1,244	-100%
Profit for the period		1,365	4,332	-68%	3,668	5,994	-39%
Profit attributable to :							
Owners of the Company							
- from continuing operations		1,365	3,517	-61%	3,668	4,750	-23%
- from discontinued operations		-	815	-100%	-	1,244	-100%
Non-controlling interest		-	-		-	-	
Profit for the period		1,365	4,332	-68%	3,668	5,994	-39%
Basic earnings per share (sen)							
- from continuing operations	B10 (a)	0.67	2.04	-67%	1.79	2.76	-35%
- from discontinued operations		-	0.47	-100%	-	0.72	-100%
Diluted earnings per share (sen)							
- from continuing operations	B10 (b)	0.57	2.05	-72%	1.54	2.76	-44%
- from discontinued operations		-	0.33	-100%	-	0.50	-100%

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

**PMB Technology Berhad**

Registration No. 200201016594 (584257-X)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2020 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2019 RM'000 Represented	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2020 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2019 RM'000 Represented	Changes %
Profit for the period	1,365	4,332	-68%	3,668	5,994	-39%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	(193)	557	-135%	1,694	(99)	-1811%
Cash flow hedge	620	-	100%	(8,187)	-	100%
Total comprehensive income for the period	<u>1,792</u>	<u>4,889</u>	<u>-63%</u>	<u>(2,825)</u>	<u>5,895</u>	<u>-148%</u>
Total comprehensive income attributable to :						
Owners of the Company						
- from continuing operations	1,792	4,074	-56%	(2,825)	4,651	-161%
- from discontinued operations	-	815	-100%	-	1,244	-100%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	<u>1,792</u>	<u>4,889</u>	<u>-63%</u>	<u>(2,825)</u>	<u>5,895</u>	<u>-148%</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	AS AT CURRENT FINANCIAL QUARTER END 30-JUNE-20 RM'000 UNAUDITED	AS AT 31-DEC-19 RM'000 AUDITED
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	652,315	628,025
Investment properties	4,624	4,674
Right-of-use assets	71,551	73,327
Goodwill	792	792
Derivative financial assets	-	4,769
Deferred tax assets	4,219	4,805
	<u>733,501</u>	<u>716,392</u>
<b>Current assets</b>		
Inventories and contract assets	134,509	176,753
Trade receivables	54,016	115,242
Other receivables, deposits and prepayments	27,219	28,636
Amount due from related companies	17,133	17,967
Tax recoverable	1,780	995
Derivative financial assets	-	1,391
Cash and bank balances	46,728	80,383
	<u>281,385</u>	<u>421,367</u>
<b>TOTAL ASSETS</b>	<u>1,014,886</u>	<u>1,137,759</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	203,274	200,633
Foreign currency translation reserve	5,505	3,811
ICULS equity	153,457	155,434
Warrant reserve	33,921	33,921
Hedging reserve	(2,027)	6,160
Retained profit	137,270	137,094
Treasury shares, at cost	(2,220)	(2,220)
	<u>529,180</u>	<u>534,833</u>
<b>Non-controlling interest</b>	-	-
<b>Total equity</b>	<u>529,180</u>	<u>534,833</u>
<b>Non-current liabilities</b>		
Term loan	283,107	237,088
Liability component of ICULS	18,737	21,353
Lease liabilities	4,973	4,658
Derivative financial liabilities	702	-
Deferred taxation	7,675	7,830
	<u>315,194</u>	<u>270,929</u>
<b>Current Liabilities</b>		
Trade payables	37,784	84,680
Contract liabilities	14,182	9,280
Other payables and accruals	33,371	46,952
Overdraft & short term borrowings	61,911	164,632
Amount due to related companies	15,131	15,923
Dividend payable	-	2,046
Lease liabilities	6,066	7,536
Derivative financial liabilities	1,482	-
Taxations	585	948
	<u>170,512</u>	<u>331,997</u>
<b>Total liabilities</b>	<u>485,706</u>	<u>602,926</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,014,886</u>	<u>1,137,759</u>
Net assets per share attributable to the owners of the company (RM)		
(based on 204,861,394 ordinary shares)	2.58	
(based on 204,569,528 ordinary shares)		2.61

**(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company						Distributable	Total	Non-controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign currency translation reserve	Equity Component of ICULS	Warrant Reserve	Hedging Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	200,633	(2,220)	3,811	155,434	33,921	6,160	137,094	534,833	-	534,833
Total comprehensive income for the period	-	-	1,694	-	-	(8,187)	3,668	(2,825)	-	(2,825)
Conversion of ICULS	2,641	-	-	(1,977)	-	-	(421)	243	-	243
Dividend										
- Special dividend for the financial year ended 31 Dec 2019	-	-	-	-	-	-	(3,071)	(3,071)	-	(3,071)
<b>At 30 June 2020</b>	<b>203,274</b>	<b>(2,220)</b>	<b>5,505</b>	<b>153,457</b>	<b>33,921</b>	<b>(2,027)</b>	<b>137,270</b>	<b>529,180</b>	<b>-</b>	<b>529,180</b>
<b>At 1 January 2019</b>	51,365	(2,220)	3,999	155,602	33,921	-	115,016	357,683	-	357,683
Placement I Shares	48,515	-	-	-	-	-	-	48,515	-	48,515
Total comprehensive income for the period	-	-	(99)	-	-	-	5,994	5,895	-	5,895
Conversion of ICULS	19	-	-	(14)	-	-	(3)	2	-	2
Dividend										
- Second interim dividend for the financial year ended 31 Dec 2018	-	-	-	-	-	-	(1,565)	(1,565)	-	(1,565)
<b>At 30 June 2019</b>	<b>99,899</b>	<b>(2,220)</b>	<b>3,900</b>	<b>155,588</b>	<b>33,921</b>	<b>-</b>	<b>119,442</b>	<b>410,530</b>	<b>-</b>	<b>410,530</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

**PMB Technology Berhad**

Registration No. 200201016594 (584257-X)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-20 RM'000	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-19 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		
Continuing operations	5,367	6,359
Discontinued operations	-	1,636
	<u>5,367</u>	<u>7,995</u>
Adjustments for:		
Depreciation	13,533	10,555
Net gain on disposal of property, plant and equipment and investment properties	-	(145)
Interest income	(151)	(108)
Interest expenses	4,195	7,984
	<u>22,944</u>	<u>26,281</u>
Operating profit before working capital changes		
Changes in working capital:		
Inventories & contract assets	42,244	(46,508)
Trade and other receivables	63,477	(40,482)
Trade and other payables	(56,367)	28,512
	<u>72,298</u>	<u>(32,197)</u>
Cash from/(used in) operations		
Income taxes paid	(2,329)	(1,800)
<b>Net cash from/ (used in) operating activities</b>	<b><u>69,969</u></b>	<b><u>(33,997)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment, right-of-use assets and investment properties	(35,117)	(79,880)
Interest received	151	108
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	-	867
<b>Net cash used in investing activities</b>	<b><u>(34,966)</u></b>	<b><u>(78,905)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(5,117)	(1,565)
Interest expenses paid	(6,498)	(7,984)
Proceeds from bank borrowings	-	29,689
Repayment of bank borrowings	(102,744)	-
Repayment of Lease Liabilities	(2,035)	(1,559)
Proceeds from loan	46,762	58,947
Proceeds from Placement I	-	48,515
<b>Net cash (used in)/ from financing activities</b>	<b><u>(69,632)</u></b>	<b><u>126,043</u></b>
Exchange differences on translation of the financial statements of foreign operations	<u>1,694</u>	<u>(99)</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(32,935)</b>	<b>13,042</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>79,555</b>	<b>55,932</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>46,620</u></b>	<b><u>68,974</u></b>
The cash & cash equivalents comprise:		
Cash & bank balances	46,728	75,643
Bank overdraft	(108)	(6,669)
	<u>46,620</u>	<u>68,974</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019)

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**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 2019. 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 2019.

**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 2019, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2020.

- ) Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- ) Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- ) Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures –Interest Rate Benchmark Reform*

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

**Standards issued but not yet effective**

- i) ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***
  - ) MFRS 17, *Insurance Contracts*

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**A2. Significant Accounting Policies (Cont'd)**

**Standards issued but not yet effective (Cont'd)**

***ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- ) Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

***iii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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 does not plan to apply MFRS 17, *Insurance Contract* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group. The adoption of the applicable accounting standards are not expected to have any material impacts to the financial statements of the Group upon the 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**

Except for the Movement Control Order (MCO) implemented by the government in response to the COVID-19 pandemic, 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 June 2020, 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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**A7. Dividend paid**

The second interim single tier dividend of 1 sen per share totaling RM2,046,301.50 for the financial year ended 31 December 2019 was paid to shareholders on 15 January 2020.

The special single tier dividend of 1.5 sen per share totaling RM3,071,268.73 for the financial year ended 31 December 2019 was paid to shareholders on 16 April 2020.

**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 metallic silicon, aluminium access equipment, marketing and trading of other related products.

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

	<b>Manufacturing &amp; trading RM'000</b>	<b>Construction &amp; fabrication RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b><u>3 months ended 30 June 2020</u></b>				
Total revenue	47,328	42,132	(4,595)	84,865
Inter-segment revenue	(4,507)	(88)	4,595	-
<b>Revenue from external customers</b>	<b>42,821</b>	<b>42,044</b>		<b>84,865</b>
<b>Segment result</b>	<b>2,604</b>	<b>648</b>		<b>3,252</b>
Finance cost				(1,699)
Tax expense				(188)
<b>Profit for the period</b>				<b>1,365</b>



**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**A8. Segmental information (Cont'd)**

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<b><u>6 months ended 30 June 2020</u></b>				
Total revenue	167,338	116,149	(22,994)	260,493
Inter-segment revenue	(13,982)	(9,012)	22,994	-
<b>Revenue from external customers</b>	<b>153,356</b>	<b>107,137</b>		<b>260,493</b>
<b>Segment result</b>	<b>6,917</b>	<b>2,645</b>		<b>9,562</b>
Finance cost				(4,195)
Tax expense				(1,699)
<b>Profit for the period</b>				<b>3,668</b>
<b>Segment assets</b>	<b>1,371,699</b>	<b>176,413</b>	<b>(533,226)</b>	<b>1,014,886</b>
<b>Segment liabilities</b>	<b>671,695</b>	<b>97,312</b>	<b>(283,301)</b>	<b>485,706</b>

**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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**A13. Capital commitments**

As at 30 June 2020, the Group has the following known capital commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>2,634</u>

**A14. Related Party Transactions**

The Group

With the affiliated companies - Press Metal Aluminium Holdings Berhad Group

	<u>Current year</u>
	RM'000
Purchase of aluminium products	<u>7,485</u>
Sale of metallic silicon, fabricated aluminium products, building materials and construction work	<u>51,294</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**
**B1. Operating Segments Review**

	Year 2020		Year 2019					
	Continuing operations		Continuing operations (Represented)		Discontinued operations		Total	
	Q2/20 RM'000	6M/2020 RM'000	Q2/19 RM'000	6M/2019 RM'000	Q2/19 RM'000	6M/2019 RM'000	Q2/19 RM'000	6M/2019 RM'000
<b>Revenue</b>								
Manufacturing & trading	42,821	153,356	44,176	58,588	39,138	77,552	83,314	136,140
Construction & fabrication	42,044	107,137	57,747	101,690	-	-	57,747	101,690
	<u>84,865</u>	<u>260,493</u>	<u>101,923</u>	<u>160,278</u>	<u>39,138</u>	<u>77,552</u>	<u>141,061</u>	<u>237,830</u>
<b>Segment result</b>								
Manufacturing & trading	2,604	6,917	5,815	6,970	1,672	2,804	7,487	9,774
Construction & fabrication	648	2,645	3,655	6,205	-	-	3,655	6,205
	<u>3,252</u>	<u>9,562</u>	<u>9,470</u>	<u>13,175</u>	<u>1,672</u>	<u>2,804</u>	<u>11,142</u>	<u>15,979</u>
<b>Profit before tax</b>	<u>1,553</u>	<u>5,367</u>	<u>4,736</u>	<u>6,359</u>	<u>1,072</u>	<u>1,636</u>	<u>5,808</u>	<u>7,995</u>

**(a) Q2/20 vs Q2/19**

The Group's revenue was lower at RM84.9 million, representing a decrease of RM17.1 million from RM101.9 million recorded in Q2/19. The decrease was mainly due to lower revenue contribution from both segments resulted from the COVID-19 pandemic lockdowns in Q2/20.

In line with lower revenue, the Group's profit before tax ("PBT") decreased from RM4.7 million to RM1.6 million.

**Manufacturing and Trading segment (Exclusive of Discontinued operations)**

The revenue from Manufacturing and Trading segment decreased from RM44.2 million to RM42.8 million.

In tandem with lower revenue and higher operating expenses, the segment profit decreased from RM5.8 million to RM2.6 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**B1. Operating Segments Review (Cont'd)**

**(a) Q2/20 vs Q2/19 (Cont'd)**

Construction and Fabrication segment

Revenue from Construction and Fabrication segment decreased from RM57.7 million to RM42.0 million mainly due to the COVID-19 pandemic lockdown in Q2/20.

In line with lower revenue, segment profit decreased from RM3.7 million to RM0.6 million.

**(b) 6M/2020 vs 6M/2019**

The Group recorded a revenue of RM260.5 million for the six months ended 30 June 2020 ("6M/2020"), representing an increase of 63% from RM160.3 million recorded for the six months ended 30 June 2019 ("6M/2019"). However, the Group's PBT decreased from RM6.4 million to RM5.4 million.

Manufacturing and Trading segment (Exclusive of Discontinued operations)

Revenue for Manufacturing and Trading segment increased from RM58.6 million to RM153.4 million, mainly contributed by the metallic silicon plant. Despite higher revenue, segment profit was slightly lower at RM7.0 million resulted from higher operating expenses.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM107.1 million for 6M/2020, representing an increase of 5% compared to RM101.7 million recorded for 6M/2019. The increase was mainly due to the acceleration of the progress of certain on-going overseas projects. However, segment profit decreased from RM6.2 million to RM2.6 million. The decrease was mainly attributable to lower contribution from some of the on-going projects.

**B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q2/20 vs Q1/20)**

The Group's revenue decreased by 52% or RM90.7 million from RM175.6 million to RM84.9 million. The decrease was mainly attributable to lower revenue contributed by both segments resulted from the COVID-19 pandemic lockdown in Q2/20.

In tandem with lower revenue, the Group's PBT decreased by RM2.2 million from RM3.8 million to RM1.6 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**B3. Current year prospects**

In the second quarter of the financial year, signs of recovery were seen in countries that had taken the necessary measures to contain the spread of the coronavirus, whereas some have deteriorated further.

Economies are seen opening with modest improvement amid movement control, particularly countries that had made it pass the peak of the infection curve. The shape of the recovery vary from country to country, industry to industry and the extent of measures taken to embrace the new normal.

The Group had taken the necessary steps prescribed by the government to prevent the spread of the virus. The Group will take calculated steps in its operations planning to achieve optimisation between production and sales which is affected by the pandemic. As the market for silicon metal show gradual improvement, the Group will continue to focus on efficiency and explore opportunities to weather through this period of uncertainty.

**B4. Profit forecast**

Not applicable as no profit forecast was published.

**B5. Taxation**

	<u>Quarter Ended 30/06/20</u>	<u>Current Year To-date</u>
	RM'000	RM'000
Current taxation	281	1,183
Deferred tax (overcharge)/charge	(93)	516
Total tax charge	<u>188</u>	<u>1,699</u>

The Group's effective tax rate for the financial year-to-date under review was 31.7% higher than the prevailing statutory tax rate, mainly due to the deferred tax relating to the Irredeemable Convertible Unsecured Loan Stock.

**B6. Status of Corporate Proposals Announced**

As at 30 June 2020, the proceeds from the Disposals of Discontinued Operations had been fully utilised.

There were no other Corporate Proposals announced but pending implementation during the financial quarter.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B7. Group borrowings and debt securities**

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<b><u>As at 30 June 2020</u></b>			
<b><u>Continuing operations</u></b>			
<b>(a) (i) Short term</b>			
Overdraft	-	108	108
Revolving credit	-	7,591	7,591
Trade facilities	-	33,050	33,050
Term loan	21,162	-	21,162
	<u>21,162</u>	<u>40,749</u>	<u>61,911</u>
<b>(ii) Long term</b>			
Term loan	283,107	-	283,107
Total	<u>304,269</u>	<u>40,749</u>	<u>345,018</u>
	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<b><u>As at 30 June 2019</u></b>			
<b><u>Continuing operations</u></b>			
<b>(a) (i) Short term</b>			
Overdraft	-	6,404	6,926
Bridging loan	25,261	-	25,261
Revolving credit	-	11,300	11,300
Trade facilities	21,803	81,420	103,223
Term loan	11,009	-	11,009
	<u>58,073</u>	<u>99,124</u>	<u>157,197</u>
<b>(ii) Long term</b>			
Term loan	119,894	-	119,894
Total	<u>177,967</u>	<u>99,124</u>	<u>277,091</u>
<b><u>Discontinued operations</u></b>			
(b) (i) Short term	187	45,433	45,620
(ii) Long term	115	-	115
Total	<u>302</u>	<u>45,433</u>	<u>45,735</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B7. Group borrowings and debt securities (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>As at 30/06/2020</u>		<u>As at 30/06/2019</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	178	98	873	463
Revolving credit	11,940	6,591	19,433	10,300
Trade facilities	15,777	8,709	32,931	17,453
	<u>27,895</u>	<u>15,398</u>	<u>53,237</u>	<u>28,216</u>

The Group borrowings has increased by RM67.9 million from RM277.1 million (excluding discontinued operations) to RM345.0 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>30/06/20</u>	<u>30/06/19</u>	<u>30/06/20</u>	<u>30/06/19</u>
Profit attributable to Shareholders (RM'000)				
- Continuing operations	1,365	3,517	3,668	4,750
- Discontinued operations	-	815	-	1,244
	<u>1,365</u>	<u>4,332</u>	<u>3,668</u>	<u>5,994</u>
Weighted average number of ordinary shares ('000)	204,861	172,231	204,861	172,231
Basic earnings per share (sen)				
- Continuing operations	0.67	2.04	1.79	2.76
- Discontinued operations	-	0.47	-	0.72
	<u>0.67</u>	<u>2.52</u>	<u>1.79</u>	<u>3.48</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**
**B10. Earnings Per Share (Cont'd)**
**(b) Diluted earnings per share**

	Current Quarter		Year-to-date	
	<u>30/06/20</u>	<u>30/06/19</u>	<u>30/06/20</u>	<u>30/06/19</u>
Profit attributable to Shareholders (RM'000)				
- Continuing operations	1,365	3,517	3,668	4,750
- Discontinued operations	-	815	-	1,244
	<u>1,365</u>	<u>4,332</u>	<u>3,668</u>	<u>5,994</u>
Weighted average number of ordinary shares ('000)	238,659	247,522	238,659	247,522
Diluted earnings per share (sen)				
- Continuing operations	0.57	2.05	1.54	2.76
- Discontinued operations	-	0.33	-	0.50
	<u>0.57</u>	<u>2.38</u>	<u>1.54</u>	<u>3.26</u>

**B11. Auditors' report**

The annual auditors' report of the audited financial statements for the year ended 31 December 2019 was not subject to any qualification.

**B12. Notes to the Condensed Consolidated Income Statement**

PBT and other comprehensive income are arrived at after charging and (crediting) the following items:

		Current Quarter RM'000	Current Financial To-date RM'000
a)	Interest income	(54)	(151)
b)	Other income including investment income	(85)	(192)
c)	Interest expense	1,699	4,195
d)	Depreciation and amortization	6,759	13,533
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	443	(967)
j)	(Gain) or loss on derivatives	(620)	8,187
k)	Exceptional items	-	-



**EXPLANATORY NOTES TO THE QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**B13. Derivative Financial Instruments**

As at 30 June 2020, the Group has the following outstanding derivative financial instrument:

Type of Derivative	Contract/Notional value RM'000	Fair value assets/(liabilities) RM'000
Foreign Exchange Forward Contract		
- Less than 1 year	69,438	(650)
- 1 year to 3 years	180,531	(1,232)
- More than 3 years	14,139	(145)

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.

All the derivatives were contracted with creditworthy financial institutions to mitigate the credit risk, market risk and liquidity risk associated with the derivatives.

There is no cash requirement for these derivatives other than the repayment obligation for the bank borrowings.

There have been no changes made to the accounting policies associated with those derivatives since the end of the previous financial year ended 31 December 2019.

**B14. Fair Value Changes of Financial Liabilities**

There were no fair value changes of financial liabilities during the current quarter ended 30 June 2020.

**B15. Comparative figures**

The prior year's financial statements have been represented to reflect the financial statements for the preceding year quarter ended 30 June 2019.

**On behalf of the Board**

**Koon Poh Ming**  
**Chief Executive Officer**  
 18 August 2020