

PMB Technology Berhad

Registration No. 200201016594 (584257-X)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		UNAUDITED CURRENT YEAR QUARTER	UNAUDITED PRECEDING YEAR QUARTER	Changes %	UNAUDITED CURRENT YEAR TO DATE	UNAUDITED PRECEDING YEAR TO DATE	Changes %
		30 JUNE 2022 RM'000	30 JUNE 2021 RM'000		30 JUNE 2022 RM'000	30 JUNE 2021 RM'000	
Revenue	B1	260,174	178,251	46%	562,145	340,078	65%
Operating expenses		(214,142)	(158,218)	35%	(442,927)	(307,318)	44%
Other operating income		2,235	(583)	-483%	2,639	1,387	90%
Profit from operations		48,267	19,450	148%	121,857	34,147	257%
Finance costs		(5,503)	(4,912)	12%	(10,484)	(9,832)	7%
Profit before tax		42,764	14,538	194%	111,373	24,315	358%
Taxation	B5	(7,608)	(2,959)	157%	(21,351)	(6,109)	250%
Profit for the period		35,156	11,579	204%	90,022	18,206	394%
Profit attributable to :							
Owners of the Company		35,156	11,579	204%	90,022	18,206	394%
Non-controlling interest		-	-		-	-	
Profit for the period		35,156	11,579	204%	90,022	18,206	394%
Basic earnings per share (sen)	B10 (a)	3.20	1.12	185%	8.20	1.77	364%
Diluted earnings per share (sen)	B10 (b)	2.64	0.90	194%	6.76	1.41	379%

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2022 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2021 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2022 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2021 RM'000	Changes %
Profit for the period	35,156	11,579	204%	90,022	18,206	394%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	1,800	4	44900%	1,874	1,218	54%
Cash flow hedge	(18,655)	258	-7331%	(16,559)	(5,247)	216%
Total comprehensive income for the period	<u>18,301</u>	<u>11,841</u>	<u>55%</u>	<u>75,337</u>	<u>14,177</u>	<u>431%</u>
Total comprehensive income attributable to :						
Owners of the Company	18,301	11,841	55%	75,337	14,177	431%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	<u>18,301</u>	<u>11,841</u>	<u>55%</u>	<u>75,337</u>	<u>14,177</u>	<u>431%</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30-JUNE-22 RM'000 UNAUDITED	AS AT 31-DEC-21 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	712,084	712,247
Investment properties	4,424	4,474
Right-of-use assets	70,285	72,194
Land held for property development	33,867	32,961
Goodwill	792	792
Derivative financial assets	-	3,634
Deferred tax assets	2,348	2,923
Trade receivables	33,766	25,383
	<u>857,566</u>	<u>854,608</u>
Current assets		
Inventories and contract assets	413,821	330,221
Trade receivables	75,433	112,707
Other receivables, deposits and prepayments	135,992	62,674
Amount due from related companies	16,877	10,039
Tax recoverable	2,068	1,974
Derivative financial assets	-	2,142
Cash and bank balances	68,169	83,052
	<u>712,360</u>	<u>602,809</u>
TOTAL ASSETS	<u>1,569,926</u>	<u>1,457,417</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	310,087	230,096
Foreign currency translation reserve	6,314	4,440
ICULS equity	137,346	152,310
Warrant reserve	14,701	28,222
Hedging reserve	(11,199)	5,360
Retained profit	380,607	306,656
Treasury shares, at cost	(2,220)	(2,220)
	<u>835,636</u>	<u>724,864</u>
Non-controlling interest	-	-
Total equity	<u>835,636</u>	<u>724,864</u>
Non-current liabilities		
Loans and borrowings	190,358	220,774
Liability component of ICULS	7,849	11,392
Lease liabilities	9,977	11,206
Derivative financial liabilities	6,264	-
Deferred taxation	58,104	41,211
	<u>272,552</u>	<u>284,583</u>
Current Liabilities		
Trade payables	80,996	127,845
Contract liabilities	12,998	2,905
Other payables and accruals	23,871	22,999
Loans and borrowings	316,922	278,240
Amount due to related companies	13,323	9,000
Lease liabilities	6,570	6,085
Derivative financial liabilities	5,803	-
Taxations	1,255	896
	<u>461,738</u>	<u>447,970</u>
Total liabilities	<u>734,290</u>	<u>732,553</u>
TOTAL EQUITY AND LIABILITIES	<u>1,569,926</u>	<u>1,457,417</u>
Net assets per share attributable to the owners of the company (RM) *	0.76	0.70

* Adjusted for the effect of bonus issue completed in April 2022

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

PMB Technology Berhad

Registration No. 200201016594 (584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company						Distributable Retained Profits RM'000	Total Equity RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Foreign currency translation reserve RM'000	Non-distributable Equity Component of ICULS RM'000	Warrant Reserve RM'000	Hedging Reserve RM'000				
At 1 January 2022	230,096	(2,220)	4,440	152,310	28,222	5,360	306,656	724,864	-	724,864
Total comprehensive income for the period	-	-	1,874	-	-	(16,559)	90,022	75,337	-	75,337
Conversion of ICULS and Exercise of Warrants	79,991	-	-	(14,964)	(13,521)	-	(4,381)	47,125	-	47,125
Dividend - First interim dividend for the financial year ended 31 Dec 2021	-	-	-	-	-	-	(11,690)	(11,690)	-	(11,690)
At 30 June 2022	310,087	(2,220)	6,314	137,346	14,701	(11,199)	380,607	835,636	-	835,636
	-	-	-	-	-	-	-	-	-	-
At 1 January 2021	203,274	(2,220)	3,147	153,457	33,921	9,895	156,312	557,786	-	557,786
Total comprehensive income for the period	-	-	1,218	-	-	(5,247)	18,206	14,177	-	14,177
Conversion of ICULS and exercise of Warrant	16,027	-	-	(363)	(3,503)	-	(123)	12,038	-	12,038
Dividend - First interim dividend for the financial year ended 31 Dec 2020	-	-	-	-	-	-	(2,058)	(2,058)	-	(2,058)
At 30 June 2021	219,301	(2,220)	4,365	153,094	30,418	4,648	172,337	581,943	-	581,943

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

PMB Technology Berhad

Registration No. 200201016594 (584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-22 RM'000	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,373	24,315
Adjustments for:		
Depreciation	17,552	17,872
Net gain on disposal of property, plant and equipment, right-of-use assets and investment properties	(2)	(26)
Unrealised foreign exchange gain	(1,979)	(45)
Interest income	(178)	(102)
Interest expenses	10,484	9,832
Operating profit before working capital changes	<u>137,250</u>	<u>51,846</u>
Changes in working capital:		
Inventories & contract assets	(83,600)	(94,927)
Trade and other receivables	(48,868)	1,183
Trade and other payables	(31,979)	(6,369)
Cash used in operations	<u>(27,197)</u>	<u>(48,267)</u>
Income taxes paid	(2,520)	(1,419)
Net cash used in operating activities	<u>(29,717)</u>	<u>(49,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, right-of-use assets, land held for property development and investment properties	(15,856)	(18,236)
Interest received	178	102
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	2	26
Net cash used in investing activities	<u>(15,676)</u>	<u>(18,108)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(11,690)	(2,058)
Interest expenses paid	(13,195)	(12,231)
Proceeds from bank borrowings	18,958	77,633
Repayment of Lease Liabilities	(1,224)	(569)
Repayment of loan	(10,692)	(13,660)
Proceeds from Warrants Exercise	46,479	12,040
Net cash from financing activities	<u>28,636</u>	<u>61,155</u>
Exchange differences on translation of the financial statements of foreign operations	<u>1,874</u>	<u>1,218</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,883)	(5,421)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	83,052	52,153
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>68,169</u>	<u>46,732</u>
The cash & cash equivalents comprise:		
Cash & bank balances	68,169	49,423
Bank overdraft	-	(2,691)
	<u>68,169</u>	<u>46,732</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021)

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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 2021. 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 2021.

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 2021, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2022.

-) Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
-) Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
-) Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
-) Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
-) Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
-) Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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 2022**

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 2023

-) MFRS 17, Insurance Contracts*
-) Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
-) Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
-) Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
-) Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

ii) 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 plans to apply the abovementioned accounting standards, interpretations and amendments when effective. The adoption of the applicable accounting standards is 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

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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

A6. Debt and equity securities

The Group has on 29 April 2022, completed a bonus issue up to 1,296,774,800 new ordinary shares in the Company on the basis of four (4) bonus shares for every one (1) existing ordinary share. Relevant adjustments were made upon the conversion of the 5-years 3.00% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) and the exercise of Warrants.

Conversion of ICULS and exercise of Warrants for the financial year to date are tabled below:

Issuance of new Ordinary Shares	Conversion of ICULS	Exercise of Warrants
Before bonus issue	6,713,300	15,283,084
Adjustment upon the completion of bonus issue	26,853,200	61,132,336
Total adjusted issuance	33,566,500	76,415,420
After bonus issue	2,958,178	794,000
Total issuance	36,524,678	77,209,420

As at 30 June 2022, a total of 25,202,000 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.

Save for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year to date under review.

A7. Dividend paid

The first interim single tier dividend of 5 sen per share totaling RM11,690,030.15 for the financial year ended 31 December 2021 was paid to shareholders on 5 April 2022.

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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
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 2022</u>				
Total revenue	188,785	78,851	(7,462)	260,174
Inter-segment revenue	(6,661)	(801)	7,462	-
Revenue from external customers	182,124	78,050		260,174
Segment result	46,975	1,292		48,267
Finance cost				(5,503)
Tax expense				(7,608)
Profit for the period				35,156
	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>6 months ended 30 June 2022</u>				
Total revenue	430,918	144,695	(13,468)	562,145
Inter-segment revenue	(10,366)	(3,102)	13,468	-
Revenue from external customers	420,552	141,593		562,145
Segment result	118,591	3,266		121,857
Finance cost				(10,484)
Tax expense				(21,351)
Profit for the period				90,022
Segment assets	1,822,374	308,230	(560,678)	1,569,926
Segment liabilities	829,025	214,151	(308,886)	734,290

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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

A10. Material events subsequent to the balance sheet date

On 17 August 2022, PMB Land (Sg. Besi) Sdn. Bhd., a wholly owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with Faithview Resources Sdn. Bhd. for disposal of a freehold development land for a total sale consideration of RM37 million.

The disposal forms part of the Company's direction to streamline the operations for the Group by focusing on its core business and optimize the utilization of proceeds as working capital for its day-to-day operating activities. Please refer to our announcement to Bursa Securities dated 17 August 2022 and 18 August 2022 for details.

Save for the above, 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

On 15 March 2022, PMB Technology Berhad has entered into a Share Sale Agreement with Asia Cement Co., Ltd. for the acquisition of 40,000,000 ordinary shares, representing 100% of the total issued share capital in Asia Advanced Material Sdn. Bhd. ("AAM") for a total cash consideration of RM17 million.

The acquisition of AAM, which owns a piece of industrial land measuring approximately 124 acres in Samalaju Industrial Park, Bintulu, Sarawak will allow future expansion for the Group's metallic silicon related business. The transfer of ownership was completed on 7 July 2022.

Save for the above, there were no changes in the composition of the Group for the current period 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 2022**
A13. Capital commitments

As at 30 June 2022, the Group has the following known capital commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>100,640</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>16,425</u>
Sale of metallic silicon and fabricated aluminium products	<u>41,136</u>

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
B1. Operating Segments Review

	Year 2022		Year 2021	
	Q2/22	6M/22	Q2/21	6M/21
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Manufacturing & trading	182,124	420,552	119,536	234,631
Construction & fabrication	78,050	141,593	58,715	105,447
	<u>260,174</u>	<u>562,145</u>	<u>178,251</u>	<u>340,078</u>
<u>Segment result</u>				
Manufacturing & trading	46,975	118,591	18,358	31,175
Construction & fabrication	1,292	3,266	1,092	2,972
	<u>48,267</u>	<u>121,857</u>	<u>19,450</u>	<u>34,147</u>
Profit before tax	<u>42,764</u>	<u>111,373</u>	<u>14,538</u>	<u>24,315</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

B1. Operating Segments Review (Cont'd)

(a) Q2/22 vs Q2/21

The Group recorded a revenue of RM260.2 million in current quarter which was 46% higher than RM178.3 million recorded in the preceding year's corresponding quarter. The increase was mainly due to higher revenue contribution from both segments.

In tandem with higher revenue, the profit before tax ("PBT") for the Group increased from RM14.5 million in the preceding year's corresponding quarter to RM42.8 million in current quarter.

Manufacturing and Trading segment

The revenue from Manufacturing & Trading segment increased by 52% from RM119.5 million to RM182.1 million, mainly contributed by higher metallic silicon price.

Accordingly, segment profit increased from RM18.4 million to RM47.0 million in current quarter.

Construction and Fabrication segment

Construction & Fabrication segment's revenue increased by 33% from RM58.7 million to RM78.1 million mainly due to the acceleration of progress of certain on-going projects.

In line with higher revenue after offsetting higher operating expenses, the segment profit increased by 18% in the current quarter at RM1.3 million from RM1.1million recorded in Q2/21.

(b) 6M/22 vs 6M/21

The Group recorded a revenue of RM562.1 million for the six months ended 30 June 2022 ("6M/22"), representing an increase of 65% from RM340.1 million recorded for the six months ended 30 June 2021 ("6M/21").

In tandem with higher revenue, the Group's PBT increased sharply from RM24.3 million to RM111.4 million. The increase of PBT was mainly due to the improved contribution from the metallic silicon plant during 6M/22.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

B1. Operating Segments Review (Cont'd)

(b) 6M/2022 vs 6M/2021 (Cont'd)

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 79% from RM234.6 million to RM420.6 million, mainly contributed by higher metallic silicon price.

Segment profit increased sharply by RM87.4 million from RM31.2 million to RM118.6 million on the back of higher metallic silicon price after offsetting higher raw material costs and operating expenses during 6M/22.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM141.6 million for 6M/22, representing an increase of 34% compared to RM105.5 million recorded for 6M/21.

With higher revenue, segment profit increased from RM3.0 million to RM3.3 million after offsetting higher operating expenses during 6M/22.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q2/22 vs Q1/22)

The Group recorded a revenue of RM260.2 million in the current quarter, representing a decrease by 14% as compared to RM302.0 million in the preceding quarter. The decrease was mainly due to lower metallic silicon selling price and quantity during the current quarter under review.

Lower revenue coupled with higher operating cost, the PBT decreased by 38% from RM68.6 million to RM42.8 million.

B3. Current year prospects

The global financial market and supply chain remained highly volatile largely reflected the continued strengthening of the US dollar following aggressive US monetary policy tightening, increased investors' risk aversion due to the weaker-than-expected global growth outlook and the spillovers from the Russian-Ukraine military conflicts.

Near term outlook for silicon metal on the demand side from the chemical and automotive sectors have been negatively impacted by fears of a global slowdown in economic activity and growing inflationary pressures.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

B3. Current year prospects (Cont'd)

On the supply side, the recent power rationing and covid outbreak in two of China's major silicon metal producing regions along with the labour strike in several silicon metal production plants in Europe are creating, in the short term at least, some concerns of supply tightness. The full impact is yet to be ascertained and will depend on the severity and duration of these events.

Demand from the solar photovoltaic ("PV") sector is expected to remain strong as major nations ramp up climate related spending that incentivizes investment in the expansion of renewable energy generation. Year-on-year global energy transition spending continues to grow at a healthy rate which is a clear indication that most nations remain committed to meeting their climate targets.

The Group anticipates a more challenging and competitive environment ahead. Nevertheless, the Group will continue to focus on strengthening its position and to improve its efficiency to stay competitive.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	<u>Quarter Ended 30/06/22</u>	<u>Current Year To-date</u>
	RM'000	RM'000
Current taxation	316	2,785
Deferred tax	7,292	18,566
Total tax charge	<u>7,608</u>	<u>21,351</u>

The Group's effective tax rate for the financial year-to-date under review was 19.2%, lower than the prima facie tax rate.

B6. Status of Corporate Proposals Announced but Pending Completion

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

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
B7. Group borrowings and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 June 2022</u>			
(a) (i) Current			
Overdraft	-	-	-
Revolving credit	17,500	45,040	62,540
Trade facilities	-	193,548	193,548
Term loan	60,834	-	60,834
	<u>78,334</u>	<u>238,588</u>	<u>316,922</u>
(ii) Non-current			
Term loan and bank loan	190,358	-	190,358
Total	<u>268,692</u>	<u>238,588</u>	<u>507,280</u>

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 June 2021</u>			
(a) (i) Current			
Overdraft	-	2,691	2,691
Revolving credit	19,500	24,172	43,672
Trade facilities	-	165,080	165,080
Term loan	55,818	-	55,818
	<u>75,318</u>	<u>191,943</u>	<u>267,261</u>
(ii) Non-current			
Term loan	228,684	-	228,684
Total	<u>304,002</u>	<u>191,943</u>	<u>495,945</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 30/06/2022</u>		<u>As at 30/06/2021</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	-	-	-	-
Revolving credit	78,503	44,040	43,311	23,171
Trade facilities	89,237	50,062	69,256	37,052
	<u>167,740</u>	<u>94,102</u>	<u>112,567</u>	<u>60,223</u>

The Group borrowings has increased by RM11.4 million from RM495.9 million to RM507.3 million mainly due to the drawdown of short-term loan for working capital.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
B8. Material Litigation

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

B9. Proposed Dividend

In view of the expansion plan for the metallic silicon plant, 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>30/06/22</u>	<u>30/06/21</u>	<u>30/06/22</u>	<u>30/06/21</u>
Profit attributable to Shareholders (RM'000)	35,156	11,579	90,022	18,206
Weighted average number of ordinary shares ('000)*	1,097,189	1,029,425	1,097,189	1,029,425
Basic earnings per share (sen)	3.20	1.12	8.20	1.77

(b) Diluted earnings per share

	Current Quarter		Year-to-date	
	<u>30/06/22</u>	<u>30/06/21</u>	<u>30/06/22</u>	<u>30/06/21</u>
Profit attributable to Shareholders (RM'000)	35,156	11,579	90,022	18,206
Weighted average number of ordinary shares ('000)*	1,331,576	1,288,610	1,331,576	1,288,610
Diluted earnings per share (sen)	2.64	0.90	6.76	1.41

* Adjusted for the effect of bonus issue completed in April 2022.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**
B11. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2021 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	(79)	(178)
b)	Other income including investment income	(358)	(483)
c)	Interest expense	5,503	10,484
d)	Depreciation and amortization	8,855	17,552
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	(2)	(2)
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	625	1,819
j)	(Gain) or loss on derivatives	18,655	16,559
k)	Exceptional items	-	-

B13. Derivative Financial Instruments

As at 30 June 2022, 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	286,305	(5,385)
- More than 1 year to 3 years	213,523	(3,292)
- More than 3 years	126,644	(2,522)

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 2022**

B13. Derivative Financial Instruments (Cont'd)

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 2021.

B14. Fair Value Changes of Financial Liabilities

There were no fair value changes of financial liabilities during the current year to date ended 30 June 2022.

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
23 August 2022