

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 SEPTEMBER 2022 RM'000	30 SEPTEMBER 2021 RM'000		30 SEPTEMBER 2022 RM'000	30 SEPTEMBER 2021 RM'000	
Revenue	B1	312,820	202,726	54%	874,965	542,804	61%
Operating expenses		(288,517)	(164,981)	75%	(731,444)	(472,299)	55%
Other operating income		3,068	1,451	111%	5,707	2,838	101%
Profit from operations		27,371	39,196	-30%	149,228	73,343	103%
Finance costs		(5,790)	(4,866)	19%	(16,274)	(14,698)	11%
Profit before tax		21,581	34,330	-37%	132,954	58,645	127%
Taxation	B5	(3,501)	(6,995)	-50%	(24,852)	(13,104)	90%
Profit for the period		18,080	27,335	-34%	108,102	45,541	137%
Profit attributable to :							
Owners of the Company		18,080	27,335	-34%	108,102	45,541	137%
Non-controlling interest		-	-		-	-	
Profit for the period		18,080	27,335	-34%	108,102	45,541	137%
Basic earnings per share (sen)	B10 (a)	1.59	2.64	-40%	9.51	4.40	116%
Diluted earnings per share (sen)	B10 (b)	1.28	1.89	-33%	7.64	3.16	142%

(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 SEPTEMBER 2022 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 SEPTEMBER 2021 RM'000	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 SEPTEMBER 2022 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 SEPTEMBER 2021 RM'000	Changes %
Profit for the period	18,080	27,335	-34%	108,102	45,541	137%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	2,237	171	1208%	4,111	1,389	196%
Cash flow hedge	(11,107)	(1,345)	726%	(27,666)	(6,592)	320%
Total comprehensive income for the period	<u>9,210</u>	<u>26,161</u>	<u>-65%</u>	<u>84,547</u>	<u>40,338</u>	<u>110%</u>
Total comprehensive income attributable to :						
Owners of the Company	9,210	26,161	-65%	84,547	40,338	110%
Non-controlling interest	-	-		-	-	
Total comprehensive income for the period	<u>9,210</u>	<u>26,161</u>	<u>-65%</u>	<u>84,547</u>	<u>40,338</u>	<u>110%</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-SEP-22 RM'000 UNAUDITED	AS AT 31-DEC-21 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	718,537	712,247
Investment properties	4,399	4,474
Right-of-use assets	92,468	72,194
Land held for property development	34,886	32,961
Goodwill	792	792
Derivative financial assets	-	3,634
Deferred tax assets	1,764	2,923
Trade receivables	42,765	25,383
	<u>895,611</u>	<u>854,608</u>
Current assets		
Inventories and contract assets	433,622	330,221
Trade receivables	97,085	112,707
Other receivables, deposits and prepayments	164,603	62,674
Amount due from related companies	14,620	10,039
Tax recoverable	2,670	1,974
Derivative financial assets	-	2,142
Cash and bank balances	59,755	83,052
	<u>772,355</u>	<u>602,809</u>
TOTAL ASSETS	<u>1,667,966</u>	<u>1,457,417</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	353,161	230,096
Foreign currency translation reserve	8,551	4,440
ICULS equity	137,313	152,310
Warrant reserve	4,979	28,222
Hedging reserve	(22,306)	5,360
Retained profit	398,676	306,656
Treasury shares, at cost	(2,220)	(2,220)
	<u>878,154</u>	<u>724,864</u>
Non-controlling interest	-	-
Total equity	<u>878,154</u>	<u>724,864</u>
Non-current liabilities		
Loans and borrowings	175,154	220,774
Liability component of ICULS	5,245	11,392
Lease liabilities	12,815	11,206
Derivative financial liabilities	11,030	-
Deferred taxation	58,956	41,211
	<u>263,200</u>	<u>284,583</u>
Current Liabilities		
Trade payables	112,726	127,845
Contract liabilities	15,002	2,905
Other payables and accruals	27,408	22,999
Loans and borrowings	335,240	278,240
Amount due to related companies	13,189	9,000
Lease liabilities	8,060	6,085
Derivative financial liabilities	13,007	-
Taxations	1,980	896
	<u>526,612</u>	<u>447,970</u>
Total liabilities	<u>789,812</u>	<u>732,553</u>
TOTAL EQUITY AND LIABILITIES	<u>1,667,966</u>	<u>1,457,417</u>
Net assets per share attributable to the owners of the company (RM) *	0.77	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							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	Distributable Retained Profits 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	-	-	4,111	-	-	(27,666)	108,102	84,547	-	84,547
Conversion of ICULS and Exercise of Warrants	123,065	-	-	(14,997)	(23,243)	-	(4,392)	80,433	-	80,433
Dividend - First interim dividend for the financial year ended 31 Dec 2021	-	-	-	-	-	-	(11,690)	(11,690)	-	(11,690)
At 30 September 2022	353,161	(2,220)	8,551	137,313	4,979	(22,306)	398,676	878,154	-	878,154
	-	-	-	-	-	-	-	-	-	-
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	-	-	1,389	-	-	(6,592)	45,541	40,338	-	40,338
Conversion of ICULS and exercise of Warrant	16,089	-	-	(400)	(3,506)	-	(132)	12,051	-	12,051
Dividend - First interim dividend for the financial year ended 31 Dec 2020	-	-	-	-	-	-	(2,058)	(2,058)	-	(2,058)
At 30 September 2021	219,363	(2,220)	4,536	153,057	30,415	3,303	199,663	608,117	-	608,117

(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 9 MONTHS ENDED 30-SEPTEMBER-22 RM'000	UNAUDITED FOR THE 9 MONTHS ENDED 30-SEPTEMBER-21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	132,954	58,645
Adjustments for:		
Depreciation	27,009	26,176
Net gain on disposal of property, plant and equipment, right-of-use assets and investment properties	(85)	(26)
Unrealised foreign exchange gain	(4,489)	(374)
Interest income	(263)	(140)
Interest expenses	16,274	14,698
Operating profit before working capital changes	171,400	98,979
Changes in working capital:		
Inventories & contract assets	(103,401)	(155,235)
Trade and other receivables	(103,033)	21,908
Trade and other payables	4,828	(5,405)
Cash used in operations	(30,206)	(39,753)
Income taxes paid	(3,600)	(1,324)
Net cash used in operating activities	(33,806)	(41,077)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, right-of-use assets, land held for property development and investment properties	(48,782)	(61,399)
Interest received	263	140
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	422	26
Net cash used in investing activities	(48,097)	(61,233)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(11,690)	(2,058)
Interest expenses paid	(21,588)	(19,880)
Proceeds from bank borrowings	58,279	127,400
Repayment of Lease Liabilities	(3,394)	(1,700)
Repayment of loan	(46,899)	(19,657)
Proceeds from Warrants Exercise	79,787	12,045
Net cash from financing activities	54,495	96,150
Exchange differences on translation of the financial statements of foreign operations	4,111	1,389
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,297)	(4,771)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	83,052	52,153
CASH AND CASH EQUIVALENTS AT END OF PERIOD	59,755	47,382
The cash & cash equivalents comprise:		
Cash & bank balances	59,755	49,571
Bank overdraft	-	(2,189)
	59,755	47,382

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	3,038,347	56,308,705
Total issuance	36,604,847	132,724,125

As at 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2022</u>				
Total revenue	213,353	106,522	(7,055)	312,820
Inter-segment revenue	(5,913)	(1,142)	7,055	-
Revenue from external customers	207,440	105,380		312,820
Segment result	22,699	4,672		27,371
Finance cost				(5,790)
Tax expense				(3,501)
Profit for the period				18,080
	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2022</u>				
Total revenue	644,271	251,217	(20,523)	874,965
Inter-segment revenue	(16,279)	(4,244)	20,523	-
Revenue from external customers	627,992	246,973		874,965
Segment result	141,288	7,940		149,228
Finance cost				(16,274)
Tax expense				(24,852)
Profit for the period				108,102
Segment assets	1,954,420	319,899	(606,353)	1,667,966
Segment liabilities	906,580	220,502	(337,270)	789,812

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 THIRD QUARTER ENDED 30 SEPTEMBER 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. The disposal was completed on 14 November 2022. Please refer to our announcement to Bursa Malaysia Securities Berhad dated 17 August 2022 and 18 August 2022 for details.

PMB Silicon Sdn Bhd ("PMB Silicon"), a wholly-owned subsidiary of the Company has executed an Amendment No.1 (agreement) with Syarikat Sesco Berhad, to revise the Amended and Restated Power Purchase Agreement ("ARPPA") to increase the existing supply of electricity at its current metallic silicon factory located in Samalaju Industrial Park, Sarawak ("Silicon Facility") from 104MW to 129MW due to an expansion of PMB Silicon's operations at the Silicon Facility. The additional power is expected to be fully drawn by April 2024, and is expected to be available for the balance duration of the supply term for the 104MW under the ARPPA. All other material terms of the ARPPA remain applicable, with the relevant changes. For details, please refer to our announcement to Bursa Malaysia Securities Berhad dated 31 October 2022.

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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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 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>52,642</u>
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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>25,804</u>
Sale of metallic silicon and fabricated aluminium products	<u>47,891</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	
	Q3/22	9M/22	Q3/21	9M/21
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Manufacturing & trading	207,440	627,992	135,119	369,750
Construction & fabrication	105,380	246,973	67,607	173,054
	<u>312,820</u>	<u>874,965</u>	<u>202,726</u>	<u>542,804</u>
<u>Segment result</u>				
Manufacturing & trading	22,699	141,288	35,570	66,745
Construction & fabrication	4,672	7,940	3,626	6,598
	<u>27,371</u>	<u>149,228</u>	<u>39,196</u>	<u>73,343</u>
Profit before tax	<u>21,581</u>	<u>132,954</u>	<u>34,330</u>	<u>58,645</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

B1. Operating Segments Review (Cont'd)

(a) Q3/22 vs Q3/21

The Group recorded a revenue of RM312.8 million in current quarter which was 54% higher than RM202.7 million recorded in the preceding year's corresponding quarter. The increase was mainly due to higher revenue contribution from both segments.

However, the Group's profit before tax ("PBT") decreased from RM34.3 million in the preceding year's corresponding quarter to RM21.6 million in current quarter.

Manufacturing and Trading segment

The revenue from Manufacturing & Trading segment increased by 54% from RM135.1 million to RM207.4 million, mainly contributed by higher sales of metallic silicon.

However, segment profit decreased from RM35.6 million to RM22.7 million in current quarter, mainly due to higher raw material costs and foreign exchange loss.

Construction and Fabrication segment

Construction & Fabrication segment's revenue increased by 56% from RM67.6 million to RM105.4 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 29% in the current quarter at RM4.7 million from RM3.6 million recorded in Q3/21.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

(b) 9M/22 vs 9M/21

The Group recorded a revenue of RM875.0 million for the nine months ended 30 September 2022 (“9M/22”), representing an increase of 61% from RM542.8 million recorded for the nine months ended 30 September 2021 (“9M/21”).

In tandem with higher revenue, the Group’s PBT increased sharply from RM58.6 million to RM133.0 million. The increase of PBT was mainly due to the improved contribution from the metallic silicon plant during 9M/22.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 70% from RM369.8 million to RM628.0 million, mainly contributed by higher sales of metallic silicon.

Segment profit increased sharply by RM74.5 million from RM66.7 million to RM141.3 million on the back of higher metallic silicon price after offsetting higher raw material costs and operating expenses during 9M/22.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM247.0 million for 9M/22, representing an increase of 43% compared to RM173.1 million recorded for 9M/21.

With higher revenue, segment profit increased from RM6.6 million to RM7.9 million after offsetting higher operating expenses during 9M/22.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q3/22 vs Q2/22)

The Group recorded a revenue of RM312.8 million in the current quarter, representing an increase by 20% as compared to RM260.2 million in the preceding quarter. The increase was mainly due to higher revenue contribution from both segments during the current quarter under review.

Higher raw material cost and operating cost coupled with lower metallic silicon price, the PBT decreased by 50% from RM42.8 million to RM21.6 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

B3. Current year prospects

The major emerging markets in Asia are expected to be the main engine of growth while the economies in the United States and Europe are expected to slow down. The global financial markets remained volatile as a result from the prolonged Russia-Ukraine war and the strengthening of the US dollar amid further monetary policy tightening by the US Federal Reserve to curb inflation.

Despite a challenging market environment, global silicon demand continued to grow in 2022, reaching an all-time high in Q3 2022. The growth was primarily driven by strong demand in China as the expansion of domestic siloxane and polysilicon capacity continues to gather pace. China's silicon industry is increasingly shifting towards the development of value added processing and integration of the value chain. The strong future growth in domestic demand will likely cause a gradual reduction in the country's exports of silicon.

Demand in the rest of Asia, North America and Europe has been marginally lower as demand from the automotive sector remains below pre-pandemic levels as rising inflation and interest rates dampen consumer spending on big ticket items. Some positive signs for future silicon demand outside of China are emerging as governments of several countries that have a strong potential for solar energy development are looking to build up and/or expand their domestic solar value chain. Attractive incentives and government support measures to spur investments in domestic production of polysilicon will likely result in an increase in demand for silicon in the longer term.

The European energy crisis has caused marked curtailment in silicon production in a region that has an approximate 15% share of global production capacity. Several producers without long-term power agreements have been exposed to unprecedentedly high power prices on the spot market. European silicon producers are facing challenging times ahead as there are no clear signs of an immediate solution to the region's energy crisis. Traditionally a net importer of silicon, Europe's supply capacity is at risk of lagging further behind demand, growing the requirement for imports into the region to fulfil demand.

Despite uncertain and competitive environment ahead, 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.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
B5. Taxation

	<u>Quarter Ended 30/09/22</u>	<u>Current Year To-date</u>
	RM'000	RM'000
Current taxation	1,203	3,988
Deferred tax	2,298	20,864
Total tax charge	<u>3,501</u>	<u>24,852</u>

The Group's effective tax rate for the financial year-to-date under review was 18.7%, 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.

B7. Group borrowings and debt securities

	<u>Secured (RM'000)</u>	<u>Unsecured (RM'000)</u>	<u>Total (RM'000)</u>
<u>As at 30 September 2022</u>			
(a) (i) Current			
Overdraft	-	-	-
Revolving credit	10,000	44,391	54,391
Trade facilities	-	220,018	220,018
Term loan	60,831	-	60,831
	<u>70,831</u>	<u>264,409</u>	<u>335,240</u>
(ii) Non-current			
Term loan and bank loan	175,154	-	175,154
Total	<u>245,985</u>	<u>264,409</u>	<u>510,394</u>
	<u>Secured (RM'000)</u>	<u>Unsecured (RM'000)</u>	<u>Total (RM'000)</u>
<u>As at 30 September 2021</u>			
(a) (i) Current			
Overdraft	-	2,189	2,189
Revolving credit	19,500	31,766	51,266
Trade facilities	-	207,253	207,253
Term loan	63,522	-	63,522
	<u>83,022</u>	<u>241,208</u>	<u>324,230</u>
(ii) Non-current			
Term loan	214,983	-	214,983
Total	<u>298,005</u>	<u>241,208</u>	<u>539,213</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
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 30/09/2022</u>		<u>As at 30/09/2021</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	-	-	-	-
Revolving credit	73,420	43,391	57,187	30,767
Trade facilities	77,818	45,991	85,744	46,130
	<u>151,238</u>	<u>89,382</u>	<u>142,931</u>	<u>76,897</u>

The Group borrowings has decreased by RM28.8 million from RM539.2 million to RM510.4 million mainly due to repayment of term loan.

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

	<u>Current Quarter</u>		<u>Year-to-date</u>	
	<u>30/09/22</u>	<u>30/09/21</u>	<u>30/09/22</u>	<u>30/09/21</u>
Profit attributable to Shareholders (RM'000)	18,080	27,335	108,102	45,541
Weighted average number of ordinary shares ('000)*	1,136,707	1,034,690	1,136,707	1,034,690
Basic earnings per share (sen)	1.59	2.64	9.51	4.40

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B10. Earnings Per Share (Cont'd)

(b) Diluted earnings per share

	Current Quarter		Year-to-date	
	<u>30/09/22</u>	<u>30/09/21</u>	<u>30/09/22</u>	<u>30/09/21</u>
Profit attributable to Shareholders (RM'000)	18,080	27,335	108,102	45,541
Weighted average number of ordinary shares ('000)*	1,414,715	1,443,375	1,414,715	1,443,375
Diluted earnings per share (sen)	1.28	1.89	7.64	3.16

* Adjusted for the effect of bonus issue completed in April 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	(85)	(263)
b)	Other income including investment income	(386)	(869)
c)	Interest expense	5,790	16,274
d)	Depreciation and amortization	9,457	27,009
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	(83)	(85)
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	5,800	7,619
j)	(Gain) or loss on derivatives	11,107	27,666
k)	Exceptional items	-	-

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B13. Derivative Financial Instruments

As at 30 September 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	232,975	(12,070)
- More than 1 year to 3 years	196,172	(7,440)
- More than 3 years	107,824	(2,796)

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 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 September 2022.

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
 28 November 2022