

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 2023 RM'000	30 JUNE 2022 RM'000 Restated		30 JUNE 2023 RM'000	30 JUNE 2022 RM'000 Restated	
Revenue	B1	223,852	260,174	-14%	498,775	562,145	-11%
Operating expenses		(214,096)	(215,268)	-1%	(472,464)	(445,859)	6%
Other operating income		687	2,235	-69%	3,988	2,639	51%
Profit from operations		10,443	47,141	-78%	30,299	118,925	-75%
Finance costs		(6,622)	(5,503)	20%	(12,487)	(10,484)	19%
Profit before tax		3,821	41,638	-91%	17,812	108,441	-84%
Taxation	B5	(1,709)	(8,699)	-80%	(5,958)	(24,192)	-75%
Profit for the period		2,112	32,939	-94%	11,854	84,249	-86%
Profit attributable to :							
Owners of the Company		2,112	32,939	-94%	11,854	84,249	-86%
Non-controlling interest		-	-		-	-	
Profit for the period		2,112	32,939	-94%	11,854	84,249	-86%
Basic earnings per share (sen)	B10 (a)	0.17	3.00	-94%	0.95	7.68	-88%
Diluted earnings per share (sen)	B10 (b)	0.15	2.47	-94%	0.84	6.33	-87%

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	UNAUDITED CURRENT YEAR QUARTER 30 JUNE 2023 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30 JUNE 2022 RM'000 Restated	Changes %	UNAUDITED CURRENT YEAR TO DATE 30 JUNE 2023 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30 JUNE 2022 RM'000 Restated	Changes %
Profit for the period	2,112	32,939	-94%	11,854	84,249	-86%
<i>Other comprehensive income, net of tax</i>						
Foreign currency translation differences for foreign operations	3,243	1,800	80%	2,932	1,874	56%
Cash flow hedge	(19,661)	(18,655)	5%	(21,169)	(16,559)	28%
Total comprehensive income/(loss) for the period	<u>(14,306)</u>	<u>16,084</u>	<u>-189%</u>	<u>(6,383)</u>	<u>69,564</u>	<u>-109%</u>
Total comprehensive income attributable to :						
Owners of the Company	(14,306)	16,084	-189%	(6,383)	69,564	-109%
Non-controlling interest	-	-		-	-	
Total comprehensive income/(loss) for the period	<u>(14,306)</u>	<u>16,084</u>	<u>-189%</u>	<u>(6,383)</u>	<u>69,564</u>	<u>-109%</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT CURRENT FINANCIAL QUARTER END 30-JUNE-23 RM'000 UNAUDITED	AS AT 31-DEC-22 RM'000 AUDITED
<small>Restated</small>		
ASSETS		
Non-current assets		
Property, plant and equipment	968,107	865,617
Right-of-use assets	118,210	93,111
Investment properties	4,382	4,433
Goodwill	792	792
Derivative financial assets	-	2,386
Deferred tax assets	1,247	1,844
	<u>1,092,738</u>	<u>968,183</u>
Current assets		
Inventories and contract assets	447,560	301,784
Trade receivables	118,253	138,819
Other receivables, deposits and prepayments	159,082	148,110
Amount due from related companies	23,977	27,190
Tax recoverable	3,008	3,222
Derivative financial assets	-	879
Cash and bank balances	71,944	127,977
	<u>823,824</u>	<u>747,981</u>
TOTAL ASSETS	<u>1,916,562</u>	<u>1,716,164</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share capital	374,785	359,883
Foreign currency translation reserve	9,625	6,693
ICULS equity	135,962	136,889
Warrant reserve	501	3,588
Hedging reserve	(19,389)	1,780
Retained profit	412,360	400,800
Treasury shares, at cost	(2,220)	(2,220)
	<u>911,624</u>	<u>907,413</u>
Non-controlling interest	-	-
Total equity	<u>911,624</u>	<u>907,413</u>
Non-current liabilities		
Loans and borrowings	270,561	174,674
Lease liabilities	16,126	11,979
Derivative financial liabilities	5,644	-
Deferred taxation	71,526	71,418
	<u>363,857</u>	<u>258,071</u>
Current Liabilities		
Trade payables	93,137	121,905
Contract liabilities	42,969	8,338
Other payables and accruals	34,872	39,092
ICULS liabilities	2,679	5,349
Loans and borrowings	426,376	355,618
Amount due to related companies	11,090	9,871
Lease liabilities	12,529	8,228
Derivative financial liabilities	15,400	467
Taxations	2,029	1,812
	<u>641,081</u>	<u>550,680</u>
Total liabilities	<u>1,004,938</u>	<u>808,751</u>
TOTAL EQUITY AND LIABILITIES	<u>1,916,562</u>	<u>1,716,164</u>
Net assets per share attributable to the owners of the company (RM)	0.73	0.77

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

PMB Technology Berhad

Registration No. 200201016594 (584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company						Distributable	Total Equity	Non-controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign currency translation reserve	Non-distributable 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
At 1 January 2023	359,883	(2,220)	6,693	136,889	3,588	1,780	400,800	907,413	-	907,413
Total comprehensive income for the period	-	-	2,932	-	-	(21,169)	11,854	(6,383)	-	(6,383)
Conversion of ICULS and Exercise of Warrants	14,902	-	-	(927)	(3,087)	-	(294)	10,594	-	10,594
At 30 June 2023	374,785	(2,220)	9,625	135,962	501	(19,389)	412,360	911,624	-	911,624
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)	84,249	69,564	-	69,564
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)	374,834	829,863	-	829,863
							Restated	Restated		Restated

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

PMB Technology Berhad

Registration No. 200201016594 (584257-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-23 RM'000	UNAUDITED FOR THE 6 MONTHS ENDED 30-JUNE-22 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,812	108,441
Adjustments for:		
Depreciation	19,183	17,552
Net gain on disposal of property, plant and equipment, right-of-use assets and investment properties	-	(2)
Unrealised foreign exchange gain	(3,527)	(1,979)
Interest income	(315)	(178)
Interest expenses	12,487	10,484
Operating profit before working capital changes	45,640	134,318
Changes in working capital:		
Inventories & contract assets	(145,776)	(83,600)
Trade and other receivables	17,832	(45,936)
Trade and other payables	1,364	(31,979)
Cash used in operations	(80,940)	(27,197)
Income taxes paid	(2,154)	(2,520)
Net cash used in operating activities	(83,094)	(29,717)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, right-of-use assets, land held for property development and investment properties	(143,182)	(15,856)
Interest received	315	178
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	-	2
Net cash used in investing activities	(142,867)	(15,676)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(11,690)
Interest expenses paid	(15,135)	(13,195)
Proceeds from bank borrowings	70,772	18,958
Proceeds of Lease Liabilities	4,909	-
Repayment of Lease Liabilities	-	(1,224)
Proceeds from loan	95,873	-
Repayment of loan	-	(10,692)
Proceeds from Warrants Exercise	10,577	46,479
Net cash from financing activities	166,996	28,636
Exchange differences on translation of the financial statements of foreign operations	2,932	1,874
NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,033)	(14,883)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	127,977	83,052
CASH AND CASH EQUIVALENTS AT END OF PERIOD	71,944	68,169
The cash & cash equivalents comprise:		
Cash & bank balances	71,944	68,169
Bank overdraft	-	-
	71,944	68,169

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022)

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

PART A :EXPLANATORY NOTES

A1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”)’s 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 2022. 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 2022.

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 2022, except for the adoption of the following accounting standards, interpretations and amendments to MFRSs effective for the 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*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024.

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

A2. Significant Accounting Policies (Cont'd)

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.

A6. Debt and equity securities

As at 30 June 2023, 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.

As at 30 June 2023, the issued and fully paid-up share capital of the Company was increased by way of:

- (i) Issuance of 2,291,441 new ordinary shares pursuant to the conversion of 451,600 units of 5-years 3.00% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”); and
- (ii) Issuance of 17,629,685 new ordinary shares pursuant to the exercise of Warrants.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**
A6. Debt and equity securities (Cont'd)

Upon the maturity date on 12 July 2023, all ICULS were mandatorily converted into ordinary shares and all unexercised Warrants became null and void and ceased to be exercisable.

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

There was no dividend paid during the current quarter under review.

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.

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>3 months ended 30 June 2023</u>				
Total revenue	157,019	75,160	(8,327)	223,852
Inter-segment revenue	(7,660)	(667)	8,327	-
Revenue from external customers	149,359	74,493		223,852
Segment result	9,297	1,146		10,443
Finance cost				(6,622)
Tax expense				(1,709)
Profit for the period				2,112

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

A8. Segmental information (Cont'd)

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>6 months ended 30 June 2023</u>				
Total revenue	347,565	166,118	(14,908)	498,775
Inter-segment revenue	(13,672)	(1,236)	14,908	-
Revenue from external customers	333,893	164,882		498,775
Segment result	25,810	4,489		30,299
Finance cost				(12,487)
Tax expense				(5,958)
Profit for the period				11,854
Segment assets	2,251,057	258,973	(593,468)	1,916,562
Segment liabilities	1,076,348	151,759	(223,169)	1,004,938

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 2023**
A13. Capital commitments

As at 30 June 2023, the Group has the following known capital commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>58,489</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>14,926</u>
Sale of metallic silicon and fabricated aluminium products	<u>35,365</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 2023		Year 2022	
	Q2/23	6M/23	Q2/22	6M/22
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Manufacturing & trading	149,359	333,893	182,124	420,552
Construction & fabrication	74,493	164,882	78,050	141,593
	<u>223,852</u>	<u>498,775</u>	<u>260,174</u>	<u>562,145</u>
<u>Segment result</u>				
Manufacturing & trading	9,297	25,810	45,634	115,102
Construction & fabrication	1,146	4,489	1,507	3,823
	<u>10,443</u>	<u>30,299</u>	<u>47,141</u>	<u>118,925</u>
Profit before tax	<u>3,821</u>	<u>17,812</u>	<u>41,638</u>	<u>108,441</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

B1 Operating Segments Review (Cont'd)

(a) Q2/23 vs Q2/22

The Group recorded a revenue of RM223.9 million in the current quarter which was 14% lower than RM260.2 million recorded in the preceding year's corresponding quarter. The decrease was mainly due to lower revenue contribution from the metallic silicon plant in Manufacturing & Trading segment.

In tandem with lower revenue, the profit before tax ("PBT") for the Group decreased from RM41.6 million in the preceding year's corresponding quarter to RM3.8 million in the current quarter.

Manufacturing and Trading segment

With lower selling price and lower tonnage sold by the metallic silicon plant, the revenue from Manufacturing & Trading segment decreased by 18% from RM182.1 million recorded in Q2/22 to RM149.4 million recorded in Q2/23.

Lower revenue coupled with higher raw material and operating costs, the segment profit decreased from RM45.6 million to RM9.3 million in current quarter.

Construction and Fabrication segment

Construction & Fabrication segment's revenue decreased by 5% from RM78.1 million to RM74.5 million mainly due to slower progress of certain on-going projects.

In tandem with the lower revenue, the segment profit decreased from RM1.5 million recorded in Q2/22 to RM1.1 million in the current quarter under review.

(b) 6M/23 vs 6M/22

The Group recorded a revenue of RM498.8 million for the six months ended 30 June 2023 ("6M/23"), representing a decrease of 11% from RM562.1 million recorded for the six months ended 30 June 2022 ("6M/22").

In tandem with lower revenue, the Group's PBT decreased from RM108.4 million to RM17.8 million.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

B1. Operating Segments Review (Cont'd)

(b) 6M/23 vs 6M/22 (Cont'd)

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment decreased by 21% from RM420.6 million to RM333.9 million, mainly due to lower selling price and lower tonnage sold by the metallic silicon plant.

Lower revenue coupled with higher raw material and operating costs, segment profit decreased by RM89.3 million from RM115.1 million recorded during 6M/22 to RM25.8 million during 6M/23.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM164.9 million during 6M/23, representing an increase of 16% compared to RM141.6 million recorded during 6M/22.

With higher revenue, segment profit increased from RM3.8 million to RM4.5 million during 6M/23.

B2. Material Change in Performance of Current Quarter compared with Preceding Quarter (Q2/23 vs Q1/23)

The Group recorded a revenue of RM223.9 million in the current quarter, representing a decrease by 19% compared to RM274.9 million in the preceding quarter. The decrease was mainly due to lower contribution from both segments during the current quarter under review.

Lower revenue coupled with higher raw material and operating costs, the PBT decreased by 73% from RM14.0 million to RM3.9 million.

B3. Current year prospects

The global economic outlook is mixed whereby the slowdown is concentrated in the advanced economies and the growth in the emerging and developing economies are expected to pick up and remains more resilient than the advanced economies. Persistent inflation and higher interest rates will also weigh on the global economy.

Global silicon metal prices remained on a downward trend in Q2 2023, down on average by 30 percent from the beginning of the year, amidst persistent weakness in demand. Market conditions are expected to remain challenging in the short-term as the demand outlook from the automotive and silicones sectors remain fraught with uncertainty.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

B3. Current year prospects (Cont'd)

The solar sector remains a promising growth engine for silicon metal demand in the medium to long term. Global new solar installations in 2023 are on track to be between 350GW to 400GW, a significant increase over the 240GW installed in 2022, as falling module prices have led to a surge in demand for solar modules.

Government policies such as the Inflation Reduction Act(US), REPowerEU(EU) and the Production Linked Incentive Scheme(India) have common goals, which are to reverse the reliance on imports from China, diversify the source of supply and scale up homegrown manufacturing. Since the passing of the Inflation Reduction Act, a total of 155GW of new production capacity has been announced across the solar supply chain. Under the Production Linked Incentive Scheme in India, a total of 48GW of domestic production projects have been approved.

With the pace of solar installations projected to surge, significant capacity expansions are in the pipeline. This opens up new opportunities for reliable alternative suppliers in the solar value chain.

Despite challenging environment ahead, the Group is striving to improve its efficiency in all areas including cost management in order to remain competitive globally. The Group remains cautiously optimistic that the outlook for silicon market would improve.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 30/06/23	Current Year To-date
	RM'000	RM'000
Current taxation	874	3,615
Deferred tax	835	2,343
Total tax charge	1,709	5,958

The Group's effective tax rate for the financial year-to-date under review was 33.4%, higher 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 2023**
B7. Group borrowings and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
<u>As at 30 June 2023</u>			
(a) (i) Current			
Overdraft	-	-	-
Revolving credit	20,000	24,078	44,078
Trade facilities	-	321,483	321,483
Term loan	60,815	-	60,815
	<u>80,815</u>	<u>345,561</u>	<u>426,376</u>
(ii) Non-current			
Term loan	270,561	-	270,561
Total	<u><u>351,376</u></u>	<u><u>345,561</u></u>	<u><u>696,937</u></u>
	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	190,358	-	190,358
Total	<u><u>268,692</u></u>	<u><u>238,588</u></u>	<u><u>507,280</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 30/06/2023</u>		<u>As at 30/06/2022</u>	
	HK'000	RM'000 Equivalent	HK'000	RM'000 Equivalent
Overdraft	-	-	-	-
Revolving credit	38,657	23,078	78,503	44,040
Trade facilities	55,405	33,077	89,237	50,062
	<u>94,062</u>	<u>56,155</u>	<u>167,740</u>	<u>94,102</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

The Group borrowings has increased by RM189.7 million from RM507.3 million to RM696.9 million mainly due to the drawdown of short-term loan for working capital and term loan for the construction of the metallic silicon plant.

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

	Quarter		Year-to-date	
	<u>30/06/23</u>	<u>30/06/22</u> Restated	<u>30/06/23</u>	<u>30/06/22</u> Restated
Profit attributable to Shareholders (RM'000)	2,112	32,939	11,854	84,249
Weighted average number of ordinary shares ('000)	1,244,993	1,097,189	1,244,993	1,097,189
Basic earnings per share (sen)	0.17	3.00	0.95	7.68

(b) Diluted earnings per share

	Quarter		Year-to-date	
	<u>30/06/23</u>	<u>30/06/22</u> Restated	<u>30/06/23</u>	<u>30/06/22</u> Restated
Profit attributable to Shareholders (RM'000)	2,112	32,939	11,854	84,249
Weighted average number of ordinary shares ('000)	1,414,207	1,331,576	1,414,207	1,331,576
Diluted earnings per share (sen)	0.15	2.47	0.84	6.33

B11. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2022 was not subject to any qualification.

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**
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	(128)	(315)
b)	Other income including investment income	(62)	(131)
c)	Interest expense	6,622	12,487
d)	Depreciation and amortization	9,666	19,183
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	1,867	1,839
j)	(Gain) or loss on derivatives	19,839	22,247
k)	Exceptional items	-	-

B13. Derivative Financial Instruments

As at 30 June 2023, 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	296,861	(14,151)
- 1 year to 3 years	157,297	(4,775)
- More than 3 years	50,493	(463)

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 2023**

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

B13. Derivative Financial Instruments (Cont'd)

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 2022.

B14. Fair Value Changes of Financial Liabilities

There were no fair value changes of financial liabilities during the current quarter ended 30 June 2023.

B15. Comparative figures

The prior year's financial statements have been restated proportionately to reflect the audited financial statements for the financial year ended 31 December 2022.

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
28 August 2023