

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2020

	3rd Quarter 3 months ended			Period-to-date 9 months ended		
	30.09.2020 RM'000	30.09.2019 RM'000	Changes %	30.09.2020 RM'000	30.09.2019 RM'000	Changes %
Revenue	1,862,063	2,120,377	(12.2)	5,422,630	6,425,232	(15.6)
Operating expenses	(1,654,989)	(1,884,287)	(12.2)	(4,864,684)	(5,834,389)	(16.6)
Other operating income/(expenses)	2,620	(21,372)	(112.3)	(3,509)	(19,098)	(81.6)
Profit from operations	209,694	214,718	(2.3)	554,437	571,745	(3.0)
Net finance costs	(38,134)	(46,561)	(18.1)	(118,902)	(132,607)	(10.3)
Share of profit from associates	1,356	785	72.7	5,913	8,842	(33.1)
Profit before tax	172,916	168,942	2.4	441,448	447,980	(1.5)
Taxation	<i>B5</i> (19,268)	(19,248)	0.1	(41,267)	(35,855)	15.1
Profit for the period	153,648	149,694	2.6	400,181	412,125	(2.9)
Attributable to :						
Equity holders of the parent	121,975	121,506	0.4	314,605	339,500	(7.3)
Non-controlling interest	31,673	28,188	12.4	85,576	72,625	17.8
	153,648	149,694	2.6	400,181	412,125	(2.9)
Basic earnings per share (sen)	<i>B12</i> 3.02	3.01	0.4	7.79	8.46	(7.9)

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2020

	3rd Quarter 3 months ended			Period-to-date 9 months ended		
	30.09.2020 RM'000	30.09.2019 RM'000	Changes %	30.09.2020 RM'000	30.09.2019 RM'000	Changes %
Profit for the period	153,648	149,694	2.6	400,181	412,125	(2.9)
Other comprehensive income, net of tax						
-Foreign currency translation differences for foreign operations	51,231	(32,149)	(259.4)	1,211	(45,796)	(102.6)
-Cash flow hedge	326,827	(162,715)	(300.9)	(108,417)	(303,900)	(64.3)
Total comprehensive income/(expenses) for the period	531,706	(45,170)	(1,277.1)	292,975	62,429	369.3
Attributable to :						
Equity holders of the parent	451,886	(38,098)	(1,286.1)	222,733	67,155	231.7
Non-controlling interest	79,820	(7,072)	(1,228.7)	70,242	(4,726)	(1,586.3)
	531,706	(45,170)	(1,277.1)	292,975	62,429	369.3

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD
Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	<i>Note</i>	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		6,357,896	5,589,680
Right-of-use assets		536,666	530,412
Investment properties		21,922	22,318
Intangible assets		64,037	64,330
Investments in associates		963,536	138,345
Other investments		1,803	1,803
Derivative financial assets		38,649	82,918
Deferred tax assets		5,519	3,752
Other receivables & prepayments		9,685	249,634
Total non-current assets		7,999,713	6,683,192
Current assets			
Inventories		1,392,221	1,421,374
Trade receivables		619,640	813,793
Other receivables, deposits and prepayments		123,400	235,541
Contract assets		607	74
Derivative financial assets		99,609	132,003
Current tax assets		4,224	10,770
Deposits, cash and bank balances		393,601	363,818
Total current assets		2,633,302	2,977,373
Total assets		10,633,015	9,660,565
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		1,088,487	1,088,487
Reserves		30,880	122,752
Retained profits		2,638,143	2,454,776
		3,757,510	3,666,015
Non-controlling interest		883,943	813,701
Total equity		4,641,453	4,479,716
LIABILITIES			
Non-current liabilities			
Long term borrowings	<i>B8</i>	3,784,699	3,030,223
Derivative financial liabilities		56,544	56,355
Deferred tax liabilities		270,454	231,257
Provisions		87,303	78,712
Lease liabilities		205,229	199,236
Total non-current liabilities		4,404,229	3,595,783
Current liabilities			
Trade payables		544,932	639,025
Other payables and accruals		199,113	278,643
Provisions		5,081	8,382
Contract liabilities		449	10
Derivative financial liabilities		55,536	20,919
Overdraft & short term borrowings	<i>B8</i>	750,394	611,759
Lease liabilities		22,220	19,926
Taxation		9,608	6,402
Total current liabilities		1,587,333	1,585,066
Total liabilities		5,991,562	5,180,849
Total equity and liabilities		10,633,015	9,660,565
Net assets per share (RM)		0.93	0.91

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2020

	←----- Attributable to equity holders of the parent ----->						Non-controlling Interest	Total Equity
	←----- Non-Distributable ----->				Distributable			
	Share Capital RM'000	Translation Reserve RM'000	Warrants Reserve RM'000	Hedging Reserve RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2019	1,046,903	39,272	7,614	(34,668)	2,177,593	3,236,714	790,871	4,027,585
Exchange differences	-	(45,796)	-	-	-	(45,796)	68	(45,728)
Exercise of warrants	41,584	-	(7,614)	-	63	34,033	-	34,033
Cash flow hedge	-	-	-	(226,481)	-	(226,481)	(77,419)	(303,900)
Proposed dividend								
- Fourth interim 2018	-	-	-	-	(60,292)	(60,292)	-	(60,292)
- First interim 2019	-	-	-	-	(50,403)	(50,403)	-	(50,403)
- Second interim 2019	-	-	-	-	(50,477)	(50,477)	-	(50,477)
Net profit for the period	-	-	-	-	339,500	339,500	72,625	412,125
At 30 September 2019	1,088,487	(6,524)	-	(261,149)	2,355,984	3,176,798	786,145	3,962,943
At 1 January 2020	1,088,487	30,248	-	92,504	2,454,776	3,666,015	813,701	4,479,716
Exchange differences	-	762	-	-	-	762	449	1,211
Cash flow hedge	-	-	-	(92,634)	-	(92,634)	(15,783)	(108,417)
Proposed dividend								
- Fourth interim 2019	-	-	-	-	(50,476)	(50,476)	-	(50,476)
- First interim 2020	-	-	-	-	(40,381)	(40,381)	-	(40,381)
- Second interim 2020	-	-	-	-	(40,381)	(40,381)	-	(40,381)
Net profit for the period	-	-	-	-	314,605	314,605	85,576	400,181
At 30 September 2020	1,088,487	31,010	-	(130)	2,638,143	3,757,510	883,943	4,641,453

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.

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2020

	9 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	441,448	447,980
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	309,552	270,704
Finance income	(4,608)	(6,501)
Finance costs	123,510	139,108
Share of profit of equity accounted associates, net of tax	(5,913)	(8,842)
Loss/(gain) on disposal of property, plant and equipment	329	(3,117)
Property, plant and equipment written off	7,889	12,997
Unrealised foreign exchange (gain)/loss	(17,788)	6,010
Operating profit before changes in working capital	854,419	858,339
Changes in working capital		
Inventories	29,153	283,452
Trade and other receivables	480,257	(59,931)
Trade and other payables	(156,763)	(274,502)
Cash generated from operations	1,207,066	807,358
Income tax paid	(3,280)	(26,713)
Net cash from operating activities	1,203,786	780,645
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,034,873)	(304,251)
Acquisition of an associate	(761,978)	(442,093)
Loan to an associate	-	(314,312)
Dividend received from an associate	1,074	2,195
Proceeds from disposal of property, plant and equipment	3,001	3,637
Interest received from an associates	1,770	2,743
Interest received from fixed deposits	2,838	6,501
Net cash used in investing activities	(1,788,168)	(1,045,580)
Cash flows from financing activities		
Dividend paid to owners of the Company	(131,238)	(161,172)
Net drawdown of banking facilities	902,139	522,124
Buy-back of Senior notes	(737,407)	-
Proceeds from issuance of Sukuk Bond	700,000	-
Increase/(Decrease) in amount due to an associate	(111)	1,554
Interest paid on loans and borrowings	(123,510)	(139,108)
Proceeds from issue of shares via exercise of warrants	-	34,032
Repayment of loan from an associate	-	79,516
Payment of lease liabilities	(8,441)	-
Finance lease payments	(7,038)	(3,271)
Net cash from financing activities	594,394	333,675
Net increase in cash and cash equivalents	10,012	68,740
Effect of exchange rate fluctuations on cash held	(3,451)	(4,694)
Cash and cash equivalents at 1 January	360,780	193,880
Cash and cash equivalents at 30 September	367,341	257,926

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Company No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the period ended 30 September 2020

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	9 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Deposits (exclude deposits pledged)	51,129	16,413
Cash and bank balances	316,440	241,724
Bank overdrafts	(228)	(211)
	<hr/>	<hr/>
	367,341	257,926

Deposits, cash and bank balances

	9 months ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Deposits placed with licence banks	77,161	30,248
Cash and bank balances	316,440	241,724
	<hr/>	<hr/>
	393,601	271,972

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

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A1. Basis of preparation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) 134: Interim Financial Reporting, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, International Financial Reporting Standards and the Companies Act 2016 in Malaysia.

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 which are effective for the annual periods beginning on or after 1 January 2020.

MFRSs, interpretations and amendments effective for 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*
- 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 following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A1. Basis of preparation - cont'd

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for 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 Example accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- 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)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendment to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A1. Basis of preparation - cont'd

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendment 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:

- from the annual period beginning on 1 January 2021 for the amendments that are effective for annual periods beginning on or after 1 June 2020 and 1 January 2021.
- from the annual period beginning on 1 January 2022 for the amendments that are effective for annual periods beginning on or after 1 January 2022, except for MFRS 141 which is not applicable to the Group.
- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 January 2023.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group.

A2. Auditors' report

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

A3. Seasonal or cyclical factors

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

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A4. Extraordinary and exceptional items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.

A5. Changes in estimates

There were no changes in estimates during the financial quarter under review and financial period-to-date.

A6. Debt and equity securities

The Company has on 17 August 2020, made its second of Sukuk Wakalah under the Sukuk Programme. The Sukuk Wakalah issued under the Sukuk Programme is for a nominal value of RM700.0 million with a tenure of 5 years. The net proceeds from the Sukuk Wakalah has been utilised towards refinancing of existing indebtedness.

Save as above, there were no other debt and equity securities issued during the current financial period-to-date.

A7. Dividends paid

	<u>Tax exempt</u> <u>(sen per share)</u>	<u>Total amount</u> <u>(RM'000)</u>	<u>Date of</u> <u>payment</u>
Fourth interim 2019	1.25	50,476	30.03.2020
First interim 2020	1.00	40,381	03.07.2020
Second interim 2020	1.00	40,381	28.09.2020

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A8. Segmental information

Segmental information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

(i) Smelting

Manufacturing and marketing of upstream aluminium products.

(ii) Extrusion

Manufacturing and trading of downstream aluminium extrusion products.

(iii) Refinery

Refinery of alumina.

(iv) Contracting and others

Contracting of aluminium and stainless steel products.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A8. Segmental information - (cont'd)

<i>Business Segments</i>						
<i>RM'000</i>	Smelting	Extrusion	Refinery	Contracting and others	Elimination	Total
Revenue from external customers	4,161,152	997,963	212,756	50,759	-	5,422,630
Inter-segment revenue	476,821	405,829	-	593,990	(1,476,640)	-
Total revenue	4,637,973	1,403,792	212,756	644,749	(1,476,640)	5,422,630
Segment results	551,343	24,935	24,104	(45,945)		554,437
Share of associates' profit						5,913
Net finance costs						(118,902)
Profit before tax						441,448
Taxation						(41,267)
Profit after tax						400,181
<i>Geographical Segments</i>						
<i>RM'000</i>	Malaysia	Asia Region	Europe Region	American Region	Elimination	Total
Revenue from external customers	5,642,682	900,141	214,183	142,264	(1,476,640)	5,422,630
Segment assets by location	15,201,725	2,357,129	114,675	64,126	(8,068,176)	9,669,479
Investments in associates	107,821	855,715	-	-	-	963,536
	15,309,546	3,212,844	114,675	64,126	(8,068,176)	10,633,015

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on its property, plant and equipment.

A10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the financial period to the date of issue of this report.

A11. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter under review.

A12. Contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets as at the date of this quarterly report.

A13. Capital commitments

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

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	300,000
	=====

A14. Related party transactions

	9 months ended
	30.09.2020
<u>The Group</u>	RM'000
With the affiliated companies – PMB Technology Berhad Group:-	
- Sales of aluminium products	13,606
- Purchase of silicon, fabricated aluminium products and building materials	58,619
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NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

Disclosure requirements per Bursa Malaysia Securities Berhad's Listing Requirements – Part A of Appendix 9B

Review of performance

B1. Q3 2020 vs Q3 2019

The Group recorded a total revenue of RM1.86 billion in Q3 2020, a decrease of RM0.26 billion or 12.2% as compared to RM2.12 billion in Q3 2019. The reduction was mainly due to the impact of Covid-19 disruptions beginning in March 2020 which had significantly affected the aluminium selling price.

Despite the lower revenue, the Group has registered a profit before tax (“PBT”) of RM172.92 million in Q3 2020 as compared to RM168.94 million in Q3 2019. PBT has increased by RM3.98 million or 2.4% mainly attributable to the favourable pricing of the Group commodity hedges, lower alumina and carbon anode prices as well as lower finance costs.

9M 2020 vs 9M 2019

The Group's revenue of RM5.42 billion in 9M 2020 was lower by RM1.0 billion or 15.6% as compared to RM6.43 billion in 9M 2019. Lower revenue was mainly due to the softening of metal price as a result of Covid-19 epidemic.

PBT for 9M 2020 recorded at RM441.45 million, marked a decline of RM6.53 million or 1.5% as compared to RM447.98 million in 9M 2019. Despite the decline in revenue, PBT was maintained in comparison to 9M 2019 due to the above mentioned reasons.

B2. Q3 2020 vs Q2 2020

The Group's PBT in Q3 2020 of RM172.92 million was higher than the immediate preceding quarter by RM48.00 million or 38.4%. This was mainly due to higher realised aluminium price.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B3. Current year's prospects

Following the re-opening of economies after the global lockdown, we see positive trends in aluminium demand as different industries begin their recovery from the lows in the first half of this year. We observed improved demand from key end user industries such as the automotive sector and construction sector where manufacturers for these industries were holding low inventory.

In addition, China's swift economic rebound led to increased aluminium demand and higher domestic aluminium prices on the Shanghai Futures Exchange (SHFE) as compared to London Metal Exchange (LME) price. China, which historically was a net exporter, has reversed its position to be a net importer of primary aluminium during this quarter. Inventory levels are also seen to be decreasing week on week which only demonstrates the tightness of aluminium supply within China currently.

Our plan to commission the Phase 3 smelter in January 2021 is on-track, increasing our capacity by 42% from 760,000 up to 1,080,000 tonnes per annum. This expansion is timely as aluminium price has strengthened by more than 40% over the last few months and we see that the world is looking at further economic recovery in 2021. The construction of our 25% owned PT Bintan alumina refinery is also well in progress and we expect Phase 1 commissioning in 1Q 2021.

Barring unforeseen circumstances, the Board is expecting the Group to perform well under current pandemic circumstances.

B4. Profit forecast

Not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B5. Taxation

Taxation comprises the following:

	9 months ended 30.09.2020 RM'000
Malaysian income tax	7,191
Foreign tax	5,842
Deferred tax	28,234

	41,267
	=====

The effective tax rate of the Group was lower than the prevailing statutory tax rate due to the tax incentives granted to its subsidiaries.

B6. Retained earnings

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
Retained earnings:		
Realised	2,948,684	2,721,282
Unrealised	(270,454)	(231,257)
	-----	-----
	2,678,230	2,490,025
Total share of retained earnings of associates:		
Unrealised	(40,087)	(35,249)
	-----	-----
Total Group retained earnings	2,638,143	2,454,776
	=====	=====

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B7. Status of Corporate Proposals Announced and Pending Completion

On 28 July 2020, Press Metal (Labuan) Ltd ("PM Labuan") had announced an invitation to the holders of its 4.80% Senior Notes due 2022 (guaranteed by PMAH) to submit tenders to PM Labuan to purchase their Notes for cash on the terms and conditions contained in the tender offer memorandum dated 28 July 2020. PM Labuan proposes to accept for purchase Notes tendered in the offer up to a maximum aggregate principal amount of US\$200,000,000.

On 7 August 2020, PM Labuan announced that the aggregate principal amount of the Notes which have been validly offered for sale and accepted by PM Labuan shall be US\$173,113,000 at the purchase price of 100.000 per cent of the principal amount of the Notes. The settlement date was on 17 August 2020. Thereafter, all validly tendered Notes accepted for purchase by PM Labuan have been cancelled.

On 27 October 2020, the Company further announced that all outstanding Notes will be redeemed in full on 27 November 2020 ("Redemption Date") at a redemption price equal to 102.4% of the principal amount thereof, plus accrued and unpaid interest, if any to (but not including) the Redemption Date.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B8. Group Borrowings and Debt Securities as at 30 September 2020

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	686,923	3,097,776	3,784,699
Short term	166,634	583,760	750,394
	----- 853,557 =====	----- 3,681,536 =====	----- 4,535,093 =====

Borrowings that are denominated in foreign currencies amounting to RM2,664 million are as follow: -

<u>Currency</u>		As at 30.09.2020 <u>RM'million</u>
US Dollar	USD	2,536
Reminbi	RMB	101
Pound Sterling	GBP	27

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B9. Derivative Financial Instruments

(a) Details of derivative financial instruments

Details of derivative financial instruments that are outstanding as at 30 September 2020 are as follows:

	Nominal value RM'000	Fair value assets/(liabilities) RM'000
Commodity swaps		
- Less than 1 year	4,327,174	18,545
- 1 year to 3 years	1,169,942	(25,222)
- More than 3 years	-	-
	----- 5,497,116 =====	----- (6,677) =====
Forward exchange contracts		
- Less than 1 year	1,876,342	25,527
- 1 year to 3 years	3,786,160	30,032
- More than 3 years	6,188,255	(39,283)
	----- 11,850,757 =====	----- 16,276 =====
Cross currency swaps		
- Less than 1 year	-	-
- 1 year to 3 years	-	-
- More than 3 years	1,700,000	16,579
	----- 1,700,000 =====	----- 16,579 =====

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B9. Derivative Financial Instruments (*cont'd*)

(a) Details of derivative financial instruments

The Group entered into commodity swaps to hedge its highly probable forecast physical aluminium delivery that are expected to occur at various dates in the future. The commodity swaps have maturity dates which match the expected occurrence of these transactions.

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 institutions' 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.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B9. Derivative Financial Instruments -cont'd

(b) Fair value changes in financial liabilities

The gain/(loss) arising from fair value changes of financial liabilities for the current quarter and financial period-to-date are as follows: -

Type of financial liabilities	Basis of fair value measurement	Reason for gain	Fair value gain/(loss)	
			Current quarter 30.09.2020 RM'000	Current period-to-date 30.09.2020 RM'000
Commodity swaps	Difference between the commodity swaps contracted price and the market forward price	Commodity price differential between the contracted price and market forward price which have moved in favour/(not in favour) of the Group	(118,939)	(45,161)
Forward exchange contracts	Difference between the contracted foreign exchange rates and the market forward rate	Foreign exchange rate differential between the contracted rate and the market forward rate which have moved in favour/(not in favour) of the Group	386,281	(42,434)
Cross currency swaps	Difference between the contracted interest rates and the fixed rates	Interest rate differential between the contracted rate and the fixed rate which have moved in favour/(not in favour) of the Group	35,945	(23,874)
Total			303,287	(111,469)

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B10. Material Litigation

There was no pending material litigation as at the date of this report.

B11. Dividend

The Board of Directors has approved a third interim single tier dividend of 1.0 sen per ordinary share, amounting approximately of RM40,381,100 for the financial year ending 31 December 2020.

The book closure and payment dates for the aforesaid dividend are 14 December 2020 and 6 January 2021 respectively.

B12. Earnings per ordinary share

Basic earnings per share

	3rd Quarter		Period-to-date	
	3 months ended		9 months ended	
	30.09.20	30.09.19	30.09.20	30.09.19
Profit attributable to shareholders (RM'000)	121,975	121,506	314,605	339,500
Weighted average number of ordinary shares ('000)	4,038,110	4,036,029	4,038,110	4,013,663
Basic earnings per share (sen)	3.02	3.01	7.79	8.46

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B13. Note to the Condensed Consolidated Income Statement

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter RM'000	Current Financial Period-To-Date RM'000
Interest income	(1,526)	(4,608)
Other income including investment income	-	-
Interest expense	39,660	123,510
Depreciation and amortisation	101,604	309,552
Provision for and write off of trade receivables	-	-
Provision for and write off of inventories	-	-
Loss on disposal of quoted or unquoted investment or properties	465	329
Impairment on assets	-	-
Realised foreign exchange (gain)/loss	(4,993)	24,607
Unrealised foreign exchange loss/(gain)	408	(17,788)
Property, plant and equipment written off	3,110	7,889
Exceptional item	-	-

B14. Comparative figures

The prior year's financial statements have been restated to reflect the audited financial statements for the financial year ended 31 December 2019.

On behalf of the Board

Tan Sri Dato' Koon Poh Keong
Group Chief Executive Officer
 26 November 2020