

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2023

| | 3rd Quarter | | | Period-to-date | | |
|-----------------------------------|--------------------|----------------|---------------|------------------|------------------|---------------|
| | 3 months ended | | | 9 months ended | | |
| | 30.09.2023 | 30.09.2022 | Changes | 30.09.2023 | 30.09.2022 | Changes |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 3,440,613 | 3,845,189 | (10.5) | 10,270,490 | 11,773,725 | (12.8) |
| Operating expenses | (3,032,106) | (3,375,539) | (10.2) | (8,987,621) | (10,117,062) | (11.2) |
| Other operating (expenses)/income | (11,099) | (1,787) | 521.1 | (20,275) | 1,983 | (1,122.4) |
| Profit from operations | 397,408 | 467,863 | (15.1) | 1,262,594 | 1,658,646 | (23.9) |
| Net finance costs | (57,371) | (53,882) | 6.5 | (166,194) | (170,315) | (2.4) |
| Share of profit from associates | 63,309 | 35,521 | 78.2 | 112,012 | 136,071 | (17.7) |
| Profit before tax | 403,346 | 449,502 | (10.3) | 1,208,412 | 1,624,402 | (25.6) |
| Taxation | <i>B5</i> (22,435) | (57,332) | (60.9) | (90,655) | (186,085) | (51.3) |
| Profit for the period | 380,911 | 392,170 | (2.9) | 1,117,757 | 1,438,317 | (22.3) |
| Attributable to : | | | | | | |
| Equity holders of the parent | 306,116 | 315,804 | (3.1) | 893,877 | 1,145,995 | (22.0) |
| Non-controlling interest | 74,795 | 76,366 | (2.1) | 223,880 | 292,322 | (23.4) |
| | 380,911 | 392,170 | (2.9) | 1,117,757 | 1,438,317 | (22.3) |
| Basic earnings per share (sen) | <i>B11</i> 3.72 | 3.83 | (3.0) | 10.85 | 14.01 | (22.6) |

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2023

| | 3rd Quarter 3 months ended | | | Period-to-date 9 months ended | | |
|---|-------------------------------|----------------------|---------------|----------------------------------|----------------------|---------------|
| | 30.09.2023 RM'000 | 30.09.2022 RM'000 | Changes % | 30.09.2023 RM'000 | 30.09.2022 RM'000 | Changes % |
| Profit for the period | 380,911 | 392,170 | (2.9) | 1,117,757 | 1,438,317 | (22.3) |
| Other comprehensive (expense)/income, net of tax | | | | | | |
| -Foreign currency translation differences for foreign operations | (2,849) | (5,013) | (43.2) | 28,259 | (440) | (6,522.5) |
| -Cash flow hedge | (122,459) | (68,761) | 78.1 | (576,819) | 186,179 | (409.8) |
| Total comprehensive income for the period | 255,603 | 318,396 | (19.7) | 569,197 | 1,624,056 | (65.0) |
| Attributable to : | | | | | | |
| Equity holders of the parent | 202,367 | 257,007 | (21.3) | 431,868 | 1,356,575 | (68.2) |
| Non-controlling interest | 53,236 | 61,389 | (13.3) | 137,329 | 267,481 | (48.7) |
| | 255,603 | 318,396 | (19.7) | 569,197 | 1,624,056 | (65.0) |

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

| | <i>Note</i> | As at 30.09.2023 RM'000 | As at 31.12.2022 RM'000 |
|--|-------------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 7,237,754 | 7,164,885 |
| Right-of-use assets | | 464,309 | 521,484 |
| Investment properties | | 49,400 | 52,805 |
| Intangible assets | | 66,905 | 66,907 |
| Investments in associates | | 1,749,600 | 1,543,596 |
| Other investments | | 1,803 | 1,803 |
| Derivative financial assets | | 114,945 | 391,109 |
| Deferred tax assets | | 21,754 | 715 |
| Other receivables & prepayments | | 5,959 | 6,829 |
| Total non-current assets | | 9,712,429 | 9,750,133 |
| Current assets | | | |
| Inventories | | 2,544,313 | 2,794,089 |
| Trade receivables | | 1,141,827 | 1,564,010 |
| Other receivables, deposits and prepayments | | 293,208 | 461,189 |
| Derivative financial assets | | 171,133 | 124,398 |
| Current tax assets | | 74,154 | 18,461 |
| Deposits, cash and bank balances | | 1,089,225 | 604,002 |
| Total current assets | | 5,313,860 | 5,566,149 |
| Total assets | | 15,026,289 | 15,316,282 |
| EQUITY | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 2,052,744 | 2,052,744 |
| Reserves | | (284,467) | 177,542 |
| Retained earnings | | 4,868,056 | 4,406,758 |
| | | 6,636,333 | 6,637,044 |
| Non-controlling interest | | 1,332,535 | 1,368,306 |
| Total equity | | 7,968,868 | 8,005,350 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term borrowings | <i>B7</i> | 3,720,060 | 3,300,985 |
| Derivative financial liabilities | | 328,476 | 12,214 |
| Deferred tax liabilities | | 477,661 | 468,350 |
| Provisions | | 178,872 | 170,517 |
| Lease liabilities | | 188,133 | 214,799 |
| Total non-current liabilities | | 4,893,202 | 4,166,865 |
| Current liabilities | | | |
| Trade payables | | 750,544 | 952,608 |
| Other payables and accruals | | 436,786 | 391,824 |
| Provisions | | 10,195 | 9,416 |
| Derivative financial liabilities | | 253,220 | 202,743 |
| Short term borrowings & overdraft | <i>B7</i> | 683,533 | 1,553,185 |
| Lease liabilities | | 21,438 | 24,344 |
| Current tax liabilities | | 8,503 | 9,947 |
| Total current liabilities | | 2,164,219 | 3,144,067 |
| Total liabilities | | 7,057,421 | 7,310,932 |
| Total equity and liabilities | | 15,026,289 | 15,316,282 |
| Net assets per share (RM) | | 0.81 | 0.81 |

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

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2023

| | ----- Attributable to equity holders of the parent ----- | | | | | | Non-controlling Interest RM'000 | Total Equity RM'000 |
|---|--|---|------------------------------|---|------------------|------------------|---------------------------------------|---------------------------|
| | Share Capital RM'000 | Non-Distributable Translation Reserve RM'000 | Hedging Reserve RM'000 | Distributable Retained Earnings RM'000 | Total RM'000 | | | |
| At 1 January 2022 | 1,088,487 | 82,360 | (776,219) | 3,477,930 | 3,872,558 | 1,047,295 | 4,919,853 | |
| Issuance of shares via private placement | 964,257 | - | - | - | 964,257 | - | 964,257 | |
| Exchange differences | - | (3,533) | - | - | (3,533) | 3,093 | (440) | |
| Cash flow hedge | - | - | 214,113 | - | 214,113 | (27,934) | 186,179 | |
| Dividend to owners to the Company | | | | | | | | |
| - Fourth interim 2021 | - | - | - | (80,762) | (80,762) | - | (80,762) | |
| - First interim 2022 | - | - | - | (123,593) | (123,593) | - | (123,593) | |
| - Second interim 2022 | - | - | - | (144,193) | (144,193) | - | (144,193) | |
| Adjustment in purchase consideration on partial disposal of a subsidiary in previous year | - | - | - | 14,400 | 14,400 | (14,400) | - | |
| Dividend to non-controlling interest | - | - | - | - | - | (135,900) | (135,900) | |
| Reduction of share capital of a subsidiary | - | - | - | - | - | (2,000) | (2,000) | |
| Net profit for the period | - | - | - | 1,145,995 | 1,145,995 | 292,322 | 1,438,317 | |
| At 30 September 2022 | 2,052,744 | 78,827 | (562,106) | 4,289,777 | 5,859,242 | 1,162,476 | 7,021,718 | |
| At 1 January 2023 | 2,052,744 | 56,490 | 121,052 | 4,406,758 | 6,637,044 | 1,368,306 | 8,005,350 | |
| Exchange differences | - | 24,984 | - | - | 24,984 | 3,275 | 28,259 | |
| Cash flow hedge | - | - | (486,993) | - | (486,993) | (89,826) | (576,819) | |
| Dividend to owners to the Company | | | | | | | | |
| - Fourth interim 2022 | - | - | - | (144,193) | (144,193) | - | (144,193) | |
| - First interim 2023 | - | - | - | (144,193) | (144,193) | - | (144,193) | |
| - Second interim 2023 | - | - | - | (144,193) | (144,193) | - | (144,193) | |
| Dividend to non-controlling interest | - | - | - | - | - | (173,100) | (173,100) | |
| Net profit for the period | - | - | - | 893,877 | 893,877 | 223,880 | 1,117,757 | |
| At 30 September 2023 | 2,052,744 | 81,474 | (365,941) | 4,868,056 | 6,636,333 | 1,332,535 | 7,968,868 | |

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.

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2023

| | 9 months ended | |
|---|-----------------------|-------------------|
| | 30.09.2023 | 30.09.2022 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 1,208,412 | 1,624,402 |
| <i>Adjustments for:</i> | | |
| Depreciation of property, plant and equipment | 497,032 | 424,239 |
| Finance income | (13,971) | (7,745) |
| Finance costs | 180,165 | 178,060 |
| Share of profit of equity accounted associates, net of tax | (112,012) | (136,071) |
| (Gain)/Loss on disposal of property, plant and equipment | (113) | 131 |
| Property, plant and equipment written off | 19,809 | 7,393 |
| Unrealised foreign exchange (gain)/loss | (3,212) | 12,372 |
| Operating profit before changes in working capital | 1,776,110 | 2,102,781 |
| Changes in working capital | | |
| Inventories | 253,014 | (120,139) |
| Trade and other receivables | 598,440 | 37,414 |
| Trade and other payables and provisions | (317,823) | (230,792) |
| Cash generated from operations | 2,309,741 | 1,789,264 |
| Net income tax paid | (111,333) | (105,420) |
| Net cash from operating activities | 2,198,408 | 1,683,844 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (533,986) | (418,719) |
| Increase in investment in an associate | (124,576) | - |
| Acquisition of an indirect subsidiary, net of cash and cash equivalent acquired | - | (4,210) |
| Conversion of warrants of an associate | - | (32,214) |
| Dividend received from an associate | 43,470 | 2,148 |
| Proceeds from disposal of property, plant and equipment | 17,342 | 1,496 |
| Interest received from Irredeemable Convertible Secured Loan Stocks from an associate | 1,765 | 1,765 |
| Interest received from fixed deposits | 12,206 | 5,980 |
| Net cash used in investing activities | (583,779) | (443,754) |
| Cash flows from financing activities | | |
| Dividends paid to shareholders of the Company | (432,579) | (348,548) |
| Net repayment of banking facilities | (1,029,176) | (1,389,572) |
| Net proceeds from issuance of shares via private placement | - | 964,257 |
| Proceeds from issuance of Islamic Medium-Term Notes | 500,000 | - |
| (Decrease)/increase in amount due to an associate | (2,728) | 375 |
| Interest paid on loans and borrowings | (180,165) | (178,060) |
| Payment of lease liabilities | (16,596) | (20,068) |
| Net cash used in financing activities | (1,161,244) | (971,616) |
| Net cash flows from operating, investing and financing activities | 453,385 | 268,474 |
| Exchange differences on translation of the financial statements of foreign operations | 18,107 | 5,933 |
| Net increase in cash and cash equivalents | 471,492 | 274,407 |
| Effect of exchange rate fluctuations on cash held | 7,802 | 9,135 |
| Cash and cash equivalents at 1 January | 449,895 | 435,429 |
| Cash and cash equivalents at 30 September | 929,189 | 718,971 |

PRESS METAL ALUMINIUM HOLDINGS BERHAD*Registration No. 201601027232 (1198171-H)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(cont'd)*

For the period ended 30 September 2023

Cash and cash equivalents

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

| | As at 30.09.2023 RM'000 | As at 30.09.2022 RM'000 |
|-------------------------------------|--|--|
| Deposits (exclude deposits pledged) | 152,002 | 144,377 |
| Cash and bank balances | 785,166 | 579,589 |
| Bank overdrafts | (7,979) | (4,995) |
| | <hr/> 929,189 | <hr/> 718,971 |

Deposits, cash and bank balances

| | As at 30.09.2023 RM'000 | As at 30.09.2022 RM'000 |
|------------------------------------|--|--|
| Deposits placed with licence banks | 304,059 | 227,061 |
| Cash and bank balances | 785,166 | 579,589 |
| | <hr/> 1,089,225 | <hr/> 806,650 |

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

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 2022, except for the adoption of the following Amendments which are effective for the annual periods beginning on or after 1 January 2023.

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* –*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 and International Tax Reform – Pillar Two Model Rules*

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

- Amendments to MFRS 16, *Leases* – *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements*–*Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial instruments: Disclosures- Supplier Finance Arrangements*

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

A1. Basis of preparation - cont'd

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual period beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual period beginning on or after 1 January 2024 except for amendments to MFRS 16 and amendments to MFRS 107 which are not applicable to Group
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual period beginning on or after 1 January 2025

A2. Auditors' report

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

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

A3. Seasonal or cyclical factors

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

A4. Extraordinary and exceptional items

There were no other 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 18 September 2023, made its fourth issuance of Sukuk Wakalah under the Sukuk Programme. The Sukuk Wakalah issued under Sukuk Programme is for a nominal value of RM500.0 million with tenures of 5 and 7 years. The net proceeds from the Sukuk Wakalah shall be utilised for general corporate purposes including capital expenditure, working capital requirements, investments and refinancing of existing financing/borrowings.

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

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 2022 | 1.75 | 144,193 | 31.03.2023 |
| First interim 2023 | 1.75 | 144,193 | 30.06.2023 |
| Second interim 2023 | 1.75 | 144,193 | 29.09.2023 |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 2023

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 | 8,640,316 | 1,396,883 | 230,731 | 2,560 | - | 10,270,490 |
| Inter-segment revenue | 502,156 | 639,249 | - | 2,163,303 | (3,304,708) | - |
| Total revenue | 9,142,472 | 2,036,132 | 230,731 | 2,165,863 | (3,304,708) | 10,270,490 |
| Segment results | 1,181,739 | 86,245 | 10,520 | (15,910) | | 1,262,594 |
| Share of associates' profit | | | | | | 112,012 |
| Net finance costs | | | | | | (166,194) |
| Profit before tax | | | | | | 1,208,412 |
| Taxation | | | | | | (90,655) |
| Profit after tax | | | | | | 1,117,757 |
| <i>Geographical Segments</i> | | | | | | |
| <i>RM'000</i> | Malaysia | Asia Region | Europe Region | American Region | Elimination | Total |
| Revenue from external customers | 11,869,004 | 1,256,902 | 278,872 | 170,420 | (3,304,708) | 10,270,490 |
| Segment assets by location | 17,496,242 | 2,742,629 | 222,490 | 87,049 | (7,271,721) | 13,276,689 |
| Investments in associates | 199,634 | 1,549,966 | - | - | - | 1,749,600 |
| | 17,695,876 | 4,292,595 | 222,490 | 87,049 | (7,271,721) | 15,026,289 |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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 2023, the Group has the following known commitments:

| | |
|--|---------|
| | RM'000 |
| Authorised property, plant and equipment expenditure not provided for in the financial statements | 150,000 |
| | ===== |

A14. Related party transactions

| | |
|---|-----------------------|
| | 9 months ended |
| | 30.09.2023 |
| <u>The Group</u> | RM'000 |
| With the associated companies – PMB Technology Berhad Group:- | |
| - Sales of aluminium products | 25,724 |
| - Purchase of silicon, fabricated aluminium products and building materials | 65,366 |
| | ===== |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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

Review of performance

B1. Q3 2023 VS Q3 2022

The Group revenue decreased from RM3.85 billion in Q3 2022 to RM3.44 billion in Q3 2023, recording a decrease of RM404.58 million or 10.5%. Lower revenue was mainly due to the softening of metal price in Q3 2023.

In tandem with the lower revenue, the Group profit before tax (PBT) in Q3 2023 has also declined by RM46.16 million or 10.3% as compared to Q3 2022. However, the effect of lower metal price has been mitigated by the lower material and logistic costs.

9M 2023 vs 9M 2022

Compared to 9M 2022, the Group's revenue and PBT in 9M 2023 was lower by RM1.50 billion or 12.8% and RM415.99 million or 25.6% respectively. Lower revenue and PBT were mainly attributable to the lower metal price in 9M 2023.

B2. Q3 2023 VS Q2 2023

The Group PBT of RM403.35 million in Q3 2023 was marginally lower than RM412.27 million in Q2 2023 by RM8.92 million or 2.16% arising from the weakening of the metal price in Q3 2023.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B3. Current year's prospects

Amidst dynamic market complexities due to trade tensions, geopolitical concerns, and a high-interest environment, Press Metal is resolute in its commitment to financial discipline and optimisation. We are strategically fortifying our position, poised to navigate any challenges that may arise.

Having said this, the market appears to be consolidating at the present level, fuelling our cautious optimism on increasing market activities moving forward. We anticipate the demand for aluminium to improve once interest rates embark on a reversal course and global economies recovery, further catalysed by manufacturing relocation to this region.

While there is a general slowdown in the real estate sector, we see growing prospects in infrastructure spending, solar manufacturing and the electric vehicle (EV) sectors, particularly from China. These sectors are expected to drive demand for aluminium, offsetting any declines from other industries.

In tandem with the accelerating pace of decarbonisation-related investments globally, we will consider selective high-growth projects or opportunities which complement our existing businesses. We are confident of the prospects of the aluminium industry and we are committed to advancing our position to ensure long-term success and value for all stakeholders.

Barring unforeseen circumstances, the Board expects the Group to achieve satisfactory performance for FY 2023.

B4. Profit forecast

Not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B5. Taxation

Taxation comprises the following:

| | 9 months ended 30.09.2023 RM'000 |
|----------------------|---|
| Malaysian income tax | 43,302 |
| Foreign tax | 10,782 |
| Deferred tax | 36,571 |
| | ----- |
| | 90,655* |
| | ===== |

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

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B6. Status of Corporate Proposals Announced and Pending Completion

There were no corporate proposals announced but pending completion during the financial quarter.

B7. Group Borrowings and Debt Securities as at 30 September 2023

| | <u>Secured</u> <u>(RM'000)</u> | <u>Unsecured</u> <u>(RM'000)</u> | <u>Total</u> <u>(RM'000)</u> |
|------------|-----------------------------------|-------------------------------------|---------------------------------|
| Long term | 627,707 | 3,092,353 | 3,720,060 |
| Short term | 262,856 | 420,677 | 683,533 |
| | ----- 890,563 ===== | ----- 3,513,030 ===== | ----- 4,403,593 ===== |

* Included in the Group borrowings are the Islamic facilities and Islamic Sukuk bond amounting to RM3,903,063,000.

Borrowings that are denominated in foreign currencies amounting to RM3,716,000,000 are as follows: -

| <u>Currency</u> | | As at 30.09.2023 <u>RM'million</u> |
|-------------------|-----|--|
| US Dollar | USD | 3,529 |
| Renminbi | RMB | 176 |
| Australian Dollar | AUD | 11 |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B8. Derivative Financial Instruments

(a) Details of derivative financial instruments

Details of derivative financial instruments that are outstanding as at 30 September 2023 are as follows:

| | Nominal value RM'000 | Fair value assets/(liabilities) RM'000 |
|----------------------------|------------------------------|--|
| Commodity swaps | | |
| - Less than 1 year | 2,633,431 | 118,572 |
| - 1 year to 3 years | 1,482,563 | 36,321 |
| - More than 3 years | - | - |
| | ----- 4,115,994 ===== | ----- 154,893 ===== |
| Forward exchange contracts | | |
| - Less than 1 year | 4,915,846 | (192,374) |
| - 1 year to 3 years | 5,664,529 | (151,420) |
| - More than 3 years | 7,093,461 | (1,310) |
| | ----- 17,673,836 ===== | ----- (345,104) ===== |
| Cross currency swaps | | |
| - Less than 1 year | 62,500 | (8,288) |
| - 1 year to 3 years | 1,250,000 | (84,794) |
| - More than 3 years | 1,050,000 | (12,325) |
| | ----- 2,362,500 ===== | ----- (105,407) ===== |

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B8. Derivative Financial Instruments (*cont'd*)

(a) Details of derivative financial instruments (*cont'd*)

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 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.

NOTES TO THE QUARTERLY REPORT
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B8. Derivative Financial Instruments -cont'd

(b) Fair value changes in financial assets/(liabilities)

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

| Type of financial assets/ (liabilities) | Basis of fair value measurement | Reason for gain/(loss) | Fair value | |
|---|--|---|---|--|
| | | | Current quarter 30.09.2023 RM'000 | Current period-to-date 30.09.2023 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 | (61,929) | 188,572 |
| 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 | (64,265) | (660,558) |
| 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 | (14,271) | (124,182) |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B9. Material Litigation

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

B10. Dividend

The Board of Directors has approved a third interim single tier dividend of 1.75 sen per ordinary share, amounting approximately of RM144,200,000 for the financial year ending 31 December 2023.

The book closure and payment dates for the aforesaid dividend are 18 December 2023 and 29 December 2023 respectively.

B11. Earnings per ordinary share

Basic earnings per share

| | 3rd Quarter | | Period-to-date | |
|---|-------------------------------|-----------------|-----------------------|-----------------|
| | 3 months ended | | 9 months ended | |
| | 30.09.23 | 30.09.22 | 30.09.23 | 30.09.22 |
| Profit attributable to shareholders (RM'000) | 306,116 | 315,804 | 893,877 | 1,145,995 |
| Weighted average number of ordinary shares ('000) | 8,239,618 | 8,239,618 | 8,239,618 | 8,182,160 |
| Basic earnings per share (sen) | 3.72 | 3.83 | 10.85 | 14.01 |

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

B12. 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 | (4,412) | (13,971) |
| Other income including investment income | - | - |
| Interest expense | 61,783 | 180,165 |
| Depreciation and amortisation | 188,779 | 497,032 |
| Provision for and write off of trade receivables | - | - |
| Provision for and write off of inventories | - | - |
| Gain on disposal of quoted or unquoted investment or properties | (1,032) | (113) |
| Impairment of assets | - | - |
| Realised foreign exchange loss | 4,032 | 17,499 |
| Unrealised foreign exchange loss/(gain) | 10,398 | (3,212) |
| Property, plant and equipment written off | 2,805 | 19,809 |
| (Gain)/Loss on derivatives | - | - |
| Exceptional items | - | - |

B13. Comparative figures

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

On behalf of the Board

Tan Sri Dato' Koon Poh Keong
Group Chief Executive Officer
 28 November 2023