

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Registration No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2020

| | 2nd Quarter 3 months ended | | | Period-to-date 6 months ended | | |
|-----------------------------------|-------------------------------|----------------------|--------------|----------------------------------|----------------------|--------------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | Changes % | 30.06.2020 RM'000 | 30.06.2019 RM'000 | Changes % |
| Revenue | 1,730,551 | 2,133,602 | (18.9) | 3,560,567 | 4,304,855 | (17.3) |
| Operating expenses | (1,562,230) | (1,959,515) | (20.3) | (3,209,695) | (3,950,102) | (18.7) |
| Other operating income/(expenses) | (7,450) | (12,387) | (39.9) | (6,129) | 2,274 | (369.5) |
| Profit from operations | 160,871 | 161,700 | (0.5) | 344,743 | 357,027 | (3.4) |
| Net finance costs | (38,266) | (43,578) | (12.2) | (80,768) | (86,046) | (6.1) |
| Share of profit from associates | 2,311 | 5,346 | (56.8) | 4,557 | 8,057 | (43.4) |
| Profit before tax | 124,916 | 123,468 | 1.2 | 268,532 | 279,038 | (3.8) |
| Taxation | <i>B5</i> (8,638) | (4,378) | 97.3 | (21,999) | (16,607) | 32.5 |
| Profit for the period | 116,278 | 119,090 | (2.4) | 246,533 | 262,431 | (6.1) |
| Attributable to : | | | | | | |
| Equity holders of the parent | 90,065 | 102,887 | (12.5) | 192,630 | 217,994 | (11.6) |
| Non-controlling interest | 26,213 | 16,203 | 61.8 | 53,903 | 44,437 | 21.3 |
| | 116,278 | 119,090 | (2.4) | 246,533 | 262,431 | (6.1) |
| Basic earnings per share (sen) | <i>B12(a)</i> 2.23 | 2.56 | (12.9) | 4.77 | 5.45 | (12.5) |
| Diluted earnings per share (sen) | <i>B12(b)</i> 2.23 | 2.55 | (12.5) | 4.77 | 5.44 | (12.3) |

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 June 2020

| | 2nd Quarter 3 months ended | | | Period-to-date 6 months ended | | |
|---|-------------------------------|----------------------|----------------|----------------------------------|----------------------|----------------|
| | 30.06.2020 RM'000 | 30.06.2019 RM'000 | Changes % | 30.06.2020 RM'000 | 30.06.2019 RM'000 | Changes % |
| Profit for the period | 116,278 | 119,090 | (2.4) | 246,533 | 262,431 | (6.1) |
| Other comprehensive income, net of tax | | | | | | |
| -Foreign currency translation differences for foreign operations | 52,256 | (34,979) | (249.4) | (50,020) | (13,647) | 266.5 |
| -Cash flow hedge | (33,476) | (127,497) | (73.7) | (435,244) | (141,185) | 208.3 |
| Total comprehensive income/(expenses) for the period | 135,058 | (43,386) | (411.3) | (238,731) | 107,599 | (321.9) |
| Attributable to : | | | | | | |
| Equity holders of the parent | 123,647 | (36,715) | (436.8) | (229,153) | 105,409 | (317.4) |
| Non-controlling interest | 11,411 | (6,671) | (271.1) | (9,578) | 2,190 | (537.4) |
| | 135,058 | (43,386) | (411.3) | (238,731) | 107,599 | (321.9) |

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 June 2020

| | <i>Note</i> | As at 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|--|-------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 6,072,419 | 5,589,680 |
| Right-of-use assets | | 533,280 | 530,412 |
| Investment properties | | 22,051 | 22,318 |
| Intangible assets | | 97,023 | 64,330 |
| Investments in associates | | 835,291 | 138,345 |
| Other investments | | 1,803 | 1,803 |
| Derivative financial assets | | 50,519 | 82,918 |
| Deferred tax assets | | 3,945 | 3,752 |
| Other receivables & prepayments | | 183,568 | 249,634 |
| Total non-current assets | | 7,799,899 | 6,683,192 |
| Current assets | | | |
| Inventories | | 1,388,970 | 1,421,374 |
| Trade receivables | | 548,840 | 813,793 |
| Other receivables, deposits and prepayments | | 183,572 | 235,541 |
| Contract assets | | 729 | 74 |
| Derivative financial assets | | 173,663 | 132,003 |
| Current tax assets | | 14,115 | 10,770 |
| Deposits, cash and bank balances | | 494,578 | 363,818 |
| Total current assets | | 2,804,467 | 2,977,373 |
| Total assets | | 10,604,366 | 9,660,565 |
| EQUITY | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 1,088,487 | 1,088,487 |
| Reserves | | (299,030) | 122,752 |
| Retained profits | | 2,596,930 | 2,454,776 |
| | | 3,386,387 | 3,666,015 |
| Non-controlling interest | | 804,122 | 813,701 |
| Total equity | | 4,190,509 | 4,479,716 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term borrowings | <i>B8</i> | 3,546,513 | 3,030,223 |
| Derivative financial liabilities | | 398,673 | 56,355 |
| Deferred tax liabilities | | 251,108 | 231,257 |
| Provisions | | 82,087 | 78,712 |
| Lease liabilities | | 204,317 | 199,236 |
| Total non-current liabilities | | 4,482,698 | 3,595,783 |
| Current liabilities | | | |
| Trade payables | | 631,476 | 639,025 |
| Other payables and accruals | | 195,544 | 278,643 |
| Provisions | | 8,940 | 8,382 |
| Contract liabilities | | 437 | 10 |
| Derivative financial liabilities | | 102,618 | 20,919 |
| Overdraft & short term borrowings | <i>B8</i> | 961,794 | 611,759 |
| Lease liabilities | | 21,673 | 19,926 |
| Taxation | | 8,677 | 6,402 |
| Total current liabilities | | 1,931,159 | 1,585,066 |
| Total liabilities | | 6,413,857 | 5,180,849 |
| Total equity and liabilities | | 10,604,366 | 9,660,565 |
| Net assets per share (RM) | | 0.84 | 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 June 2020

| | ←----- Attributable to equity holders of the parent -----> | | | | | Total | Non-controlling Interest | Total Equity |
|---------------------------|--|------------------------|---------------------|--------------------|---------------------|------------------|-----------------------------|------------------|
| | ←----- Non-Distributable -----> | | | Distributable | | | | |
| | Share Capital | Translation Reserve | Warrants Reserve | Hedging Reserve | Retained Profits | RM'000 | RM'000 | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | - | (13,647) | - | - | - | (13,647) | 256 | (13,391) |
| Exercise of warrants | 38,899 | - | (7,063) | - | - | 31,836 | - | 31,836 |
| Cash flow hedge | - | - | - | (98,682) | - | (98,682) | (42,503) | (141,185) |
| Proposed dividend | | | | | | | | |
| - Fourth interim 2018 | | | | | (60,292) | (60,292) | - | (60,292) |
| - First interim 2019 | | | | | (50,403) | (50,403) | - | (50,403) |
| Net profit for the period | - | - | - | - | 217,994 | 217,994 | 44,437 | 262,431 |
| At 30 June 2019 | 1,085,802 | 25,625 | 551 | (133,350) | 2,284,892 | 3,263,520 | 793,061 | 4,056,581 |
| At 1 January 2020 | 1,088,487 | 30,248 | - | 92,504 | 2,454,776 | 3,666,015 | 813,701 | 4,479,716 |
| Exchange differences | - | (50,415) | - | - | - | (50,415) | 395 | (50,020) |
| Cash flow hedge | - | - | - | (371,367) | - | (371,367) | (63,877) | (435,244) |
| Proposed dividend | | | | | | | | |
| - Fourth interim 2019 | - | - | - | - | (50,476) | (50,476) | - | (50,476) |
| Net profit for the period | - | - | - | - | 192,630 | 192,630 | 53,903 | 246,533 |
| At 30 June 2020 | 1,088,487 | (20,167) | - | (278,863) | 2,596,930 | 3,386,387 | 804,122 | 4,190,509 |

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 June 2020

| | 6 months ended | |
|--|-----------------------|-------------------|
| | 30.06.2020 | 30.06.2019 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 268,532 | 279,038 |
| <i>Adjustments for:</i> | | |
| Depreciation of property, plant and equipment | 207,948 | 183,886 |
| Finance income | (3,082) | (5,901) |
| Finance costs | 83,850 | 91,947 |
| Share of profit of equity accounted associates, net of tax | (4,557) | (8,057) |
| Gain on disposal of property, plant and equipment | (136) | (3,093) |
| Property, plant and equipment written off | 4,779 | 5,195 |
| Unrealised foreign exchange gain | (18,196) | (2,284) |
| Operating profit before changes in working capital | 539,138 | 540,731 |
| Changes in working capital | | |
| Inventories | 32,404 | 170,915 |
| Trade and other receivables | 317,200 | (98,140) |
| Trade and other payables | (81,616) | (232,297) |
| Cash generated from operations | 807,126 | 381,209 |
| Income tax paid | (4,310) | (10,613) |
| Net cash from operating activities | 802,816 | 370,596 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (661,521) | (108,810) |
| Acquisition of an associate | (667,782) | (442,093) |
| Loan to an associate | - | (314,312) |
| Dividend received from an associate | 1,074 | 1,319 |
| Proceeds from disposal of property, plant and equipment | 2,292 | 2,262 |
| Interest received from fixed deposits | 3,082 | 5,901 |
| Net cash used in investing activities | (1,322,855) | (855,733) |
| Cash flows from financing activities | | |
| Dividend paid to owners of the Company | (50,476) | (110,695) |
| Net drawdown of banking facilities | 755,144 | 612,459 |
| Increase/(Decrease) in amount due to an associate | 8,385 | (30,793) |
| Interest paid on loans and borrowings | (83,850) | (91,947) |
| Proceeds from issue of shares via exercise of warrants | - | 31,836 |
| Repayment of loan from an associate | - | 57,926 |
| Payment of lease liabilities | (5,971) | - |
| Finance lease payments | (4,198) | (1,533) |
| Net cash from financing activities | 619,034 | 467,253 |
| Net increase/(decrease) in cash and cash equivalents | 98,995 | (17,884) |
| Effect of exchange rate fluctuations on cash held | 12,994 | (9,070) |
| Cash and cash equivalents at 1 January | 360,780 | 193,880 |
| Cash and cash equivalents at 30 June | 472,769 | 166,926 |

PRESS METAL ALUMINIUM HOLDINGS BERHAD

Company No. 201601027232 (1198171-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

For the period ended 30 June 2020

Cash and cash equivalents

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

| | 6 months ended | |
|-------------------------------------|----------------|------------|
| | 30.06.2020 | 30.06.2019 |
| | RM'000 | RM'000 |
| Deposits (exclude deposits pledged) | 31,996 | 4,620 |
| Cash and bank balances | 440,997 | 164,625 |
| Bank overdrafts | (224) | (2,319) |
| | <hr/> | <hr/> |
| | 472,769 | 166,926 |

Deposits, cash and bank balances

| | 6 months ended | |
|------------------------------------|----------------|------------|
| | 30.06.2020 | 30.06.2019 |
| | RM'000 | RM'000 |
| Deposits placed with licence banks | 53,581 | 35,320 |
| Cash and bank balances | 440,997 | 164,625 |
| | <hr/> | <hr/> |
| | 494,578 | 199,945 |

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 SECOND QUARTER ENDED 30 JUNE 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 January 2021

- MFRS 17, *Insurance Contracts*

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

A1. Basis of preparation - cont'd

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)*
- Amendment to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- 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 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 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022, except for MFRS 141 which is not applicable to the Group.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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.

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

There were no other debt and equity securities issued during the current financial period-to-date.

A7. Dividends paid

| | Tax exempt (sen per share) | Total amount (RM'000) | Date of payment |
|---------------------|-------------------------------|--------------------------|--------------------|
| Fourth interim 2019 | 1.25 | 50,476 | 30.03.2020 |
| First interim 2020 | 1.00 | 40,381 | 03.07.2020 |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 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 | 2,773,606 | 611,395 | 138,134 | 37,432 | - | 3,560,567 |
| Inter-segment revenue | 267,356 | 234,475 | - | 379,443 | (881,274) | - |
| Total revenue | 3,040,962 | 845,870 | 138,134 | 416,875 | (881,274) | 3,560,567 |
| Segment results | 352,394 | 3,863 | 18,628 | (30,142) | | 344,743 |
| Share of associates' profit | | | | | | 4,557 |
| Net finance costs | | | | | | (80,768) |
| Profit before tax | | | | | | 268,532 |
| Taxation | | | | | | (21,999) |
| Profit after tax | | | | | | 246,533 |
| <i>Geographical Segments</i> | | | | | | |
| <i>RM'000</i> | Malaysia | Asia Region | Europe Region | American Region | Elimination | Total |
| Revenue from external customers | 3,665,065 | 547,518 | 134,613 | 94,645 | (881,274) | 3,560,567 |
| Segment assets by location | 14,522,722 | 2,253,671 | 86,956 | 58,558 | (7,152,832) | 9,769,075 |
| Investments in associates | 107,532 | 727,759 | - | - | - | 835,291 |
| | 14,630,254 | 2,981,430 | 86,956 | 58,558 | (7,152,832) | 10,604,366 |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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 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 June 2020, the Group has the following known commitments:

| | |
|---|---------|
| | RM'000 |
| Authorised property, plant and equipment expenditures not provided for in the financial statements | 850,000 |
| | ===== |

A14. Related party transactions

| | |
|---|-----------------------|
| | 6 months ended |
| | 30.06.2020 |
| <u>The Group</u> | RM'000 |
| With the affiliated companies – PMB Technology Berhad Group:- | |
| -Sales of aluminium products | 7,478 |
| -Purchase of fabricated aluminium products and building materials | 51,294 |
| | ===== |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

Review of performance

B1. Q2 2020 vs Q2 2019

The escalation of Covid-19 into a pandemic since late March 2020 has affected all countries. Majority of the world economies was halted or severely disrupted by enforced quarantines, lockdowns and travel restrictions in the second quarter of 2020. With reduced economic activities and shutdowns in industries, both the aluminium demand and price were impacted. Following this, our revenue for Q2 2020 declined by RM403.05 million or 18.9% from RM2.13 billion to RM1.73 billion as compared to Q2 2019.

The fall in revenue was mainly attributable to lower realised aluminium prices for the quarter as compared to last year. However, we have existing hedges that partially locked in some favourable pricing and our average selling price in Q2 2020 was higher than the average market price. In addition, we also benefited from lower alumina and carbon anode prices as well as lower finance costs. As a result of this and despite the fall in revenue, our Q2 2020 profit before tax (“PBT”) increased by 1.2% to RM124.92 million compared to RM123.47 million in Q2 2019.

B2. Q2 2020 vs Q1 2020

The Group's PBT in Q2 2020 of RM124.92 million was lower than the immediate preceding quarter by RM18.7 million or 13.0%. This was mainly due to the weakening of aluminium price during the current year quarter under review as Covid-19 became a pandemic. In addition, operations at our extrusion and wire rods plants were halted from 18 March 2020 following the nationwide Movement Control Order (MCO). Both plants have since resumed operations by stages from mid-May 2020.

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B3. Current year's prospects

After a challenging start in the first half of 2020 affecting all countries and industries, the pandemic situation has since improved which coincided with aluminium price recovering in late May and currently back at pre-COVID level. There are signs of recovery in global economic activities especially in China, where we have seen strong aluminium demand among other commodities. We believe that price is also supported by low interest rate environment and the US dollar weakness.

We remain committed to execute our expansion as planned, targeting to commission our Phase 3 smelter in January 2021. This will increase our capacity by 42% from 760,000 up to 1,080,000 tonnes per annum. The construction of our 25% owned PT Bintan alumina refinery is also well in progress and we expect Phase 1 commissioning in Q1 2021.

B4. Profit forecast

Not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B5. Taxation

Taxation comprises the following:

| | 6 months ended 30.06.2020 RM'000 |
|----------------------|---|
| Malaysian income tax | 2,688 |
| Foreign tax | 552 |
| Deferred tax | 18,759 |
| | ----- |
| | 21,999 |
| | ===== |

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 30.06.2020 RM'000 | As at 31.12.2019 RM'000 |
|---|--|--|
| Retained earnings: | | |
| Realised | 2,886,770 | 2,721,282 |
| Unrealised | (251,108) | (231,257) |
| | ----- | ----- |
| | 2,635,662 | 2,490,025 |
| Total share of retained earnings of associates: | | |
| Unrealised | (38,732) | (35,249) |
| | ----- | ----- |
| Total Group retained earnings | 2,596,930 | 2,454,776 |
| | ===== | ===== |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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 is expected to be on or before 17 August 2020. Thereafter, all validly tendered Notes accepted for purchase by PM Labuan will be cancelled.

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

| | Secured (RM'000) | Unsecured (RM'000) | Total (RM'000) |
|------------|---------------------------|-----------------------------|-----------------------------|
| Long term | 581,870 | 2,964,643 | 3,546,513 |
| Short term | 193,163 | 768,631 | 961,794 |
| | ----- 775,033 ===== | ----- 3,733,274 ===== | ----- 4,508,307 ===== |

Borrowings that are denominated in foreign currencies amounting to RM4,314 million are as follow: -

| <u>Currency</u> | | As at 30.06.2020 <u>RM'million</u> |
|-----------------|-----|--|
| US Dollar | USD | 4,169 |
| Reminbi | RMB | 111 |
| Pound Sterling | GBP | 34 |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B9. Derivative Financial Instruments

(a) Details of derivative financial instruments

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

| | Nominal value RM'000 | Fair value assets/(liabilities) RM'000 |
|----------------------------|------------------------------|--|
| Commodity swaps | | |
| - Less than 1 year | 2,632,054 | 109,155 |
| - 1 year to 3 years | 1,461,481 | 3,107 |
| - More than 3 years | - | - |
| | ----- 4,093,535 ===== | ----- 112,262 ===== |
| Forward exchange contracts | | |
| - Less than 1 year | 2,210,243 | (38,110) |
| - 1 year to 3 years | 3,948,516 | (92,755) |
| - More than 3 years | 6,505,947 | (239,140) |
| | ----- 12,664,706 ===== | ----- (370,005) ===== |
| Cross currency swaps | | |
| - Less than 1 year | - | - |
| - 1 year to 3 years | - | - |
| - More than 3 years | 1,000,000 | (19,366) |
| | ----- 1,000,000 ===== | ----- (19,366) ===== |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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.

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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 30.06.2020 RM'000 | Current period-to-date 30.06.2020 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 | (30,931) | 73,778 |
| 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 | 2,486 | (428,715) |
| 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 | (20,747) | (59,819) |
| Total | | | (49,192) | (414,756) |

NOTES TO THE QUARTERLY REPORT
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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 second 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 7 September 2020 and 28 September 2020 respectively.

B12. Earnings per ordinary share

(a) Basic earnings per share

| | 2nd Quarter | | Period-to-date | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | 3 months ended | | 6 months ended | |
| | 30.06.20 | 30.06.19 | 30.06.20 | 30.06.19 |
| Profit attributable to shareholders (RM'000) | 90,065 | 102,887 | 192,630 | 217,994 |
| Weighted average number of ordinary shares ('000) | 4,038,110 | 4,024,776 | 4,038,110 | 4,002,295 |
| Basic earnings per share (sen) | 2.23 | 2.56 | 4.77 | 5.45 |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B12. Earnings per ordinary share-*cont'd*

(b) Diluted earnings per share

| | 2nd Quarter | | Period-to-date | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | 3 months ended | | 6 months ended | |
| | 30.06.20 | 30.06.19 | 30.06.20 | 30.06.19 |
| Profit attributable to shareholders (RM'000) | 90,065 | 102,887 | 192,630 | 217,994 |
| Weighted average number of ordinary shares ('000) | 4,038,110 | 4,024,776 | 4,038,110 | 4,002,295 |
| Warrants C ('000) | - | 5,810 | - | 5,805 |
| | ----- | ----- | ----- | ----- |
| | 4,038,110 | 4,030,586 | 4,038,110 | 4,008,100 |
| | ===== | ===== | ===== | ===== |
| Diluted earnings per share (sen) | 2.23 | 2.55 | 4.77 | 5.44 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 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 | (902) | (3,082) |
| Other income including investment income | - | - |
| Interest expense | 39,168 | 83,850 |
| Depreciation and amortisation | 105,779 | 207,948 |
| 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 | (52) | (136) |
| Impairment on assets | - | - |
| Realised foreign exchange loss | 27,618 | 29,600 |
| Unrealised foreign exchange gain | (19,740) | (18,196) |
| Gain on derivatives | - | - |
| Property, plant and equipment written off | 2,885 | 4,779 |
| 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
 18 August 2020