



## INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2017

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/05/2017 RM'000	Preceding Year Corresponding Quarter 31/05/2016 RM'000	Current Year To Date 31/05/2017 RM'000	Preceding Year Corresponding Period 31/05/2016 RM'000
<b>Revenue</b>	<b>151,496</b>	<b>123,943</b>	<b>151,496</b>	<b>123,943</b>
Operating Expenses	(135,694)	(114,821)	(135,694)	(114,821)
Other Operating Income	3,652	2,994	3,652	2,994
<b>Profit from Operations</b>	<b>19,454</b>	<b>12,116</b>	<b>19,454</b>	<b>12,116</b>
Finance Cost	(2,301)	(1,768)	(2,301)	(1,768)
Share of loss in associate company	(111)	(21)	(111)	(21)
Share of loss in joint venture company	-	(2)	-	(2)
<b>Profit before taxation</b>	<b>17,042</b>	<b>10,325</b>	<b>17,042</b>	<b>10,325</b>
Taxation	(3,782)	(2,309)	(3,782)	(2,309)
<b>Profit for the period</b>	<b>13,260</b>	<b>8,016</b>	<b>13,260</b>	<b>8,016</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	381	(697)	381	(697)
Realisation of revaluation reserve upon depreciation of revalued asset	51	46	51	46
Transfer of revaluation reserve to unappropriated profit	(51)	(46)	(51)	(46)
Fair value (loss)/gain on cash flow hedge	(1,881)	50	(1,881)	50
<b>Total comprehensive income for the period</b>	<b>11,760</b>	<b>7,369</b>	<b>11,760</b>	<b>7,369</b>
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	13,963	8,089	13,963	8,089
Non-controlling interest	(703)	(73)	(703)	(73)
	<b>13,260</b>	<b>8,016</b>	<b>13,260</b>	<b>8,016</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	12,463	7,442	12,463	7,442
Non-controlling interest	(703)	(73)	(703)	(73)
	<b>11,760</b>	<b>7,369</b>	<b>11,760</b>	<b>7,369</b>
<b>Earnings per share</b>				
(a) Basic earnings per ordinary share (sen)	<b>1.89</b>	<b>1.10</b>	<b>1.89</b>	<b>1.10</b>
(b) Diluted earnings per ordinary share (sen)	<b>1.80</b>	<b>1.10</b>	<b>1.80</b>	<b>1.10</b>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to the interim financial reports.

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2017**

	31/05/2017	28/02/2017
	Unaudited	Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	227,828	199,913
Prepaid Land Lease Payments	33,570	33,716
Capital Work-in-progress	457	28,566
Investment Properties	6,600	6,600
Investment In An Associate Company	2,164	2,275
Derivatives Financial Instruments	1,438	3,276
Goodwill on Acquisition	1,214	1,214
Deferred Tax Assets	864	927
	<u>274,135</u>	<u>276,487</u>
<b>Current Assets</b>		
Inventories	279,837	262,426
Trade and Other Receivables	162,066	148,426
Amount Due from An Associate Company	7,408	11,043
Derivatives Financial Instruments	1,224	1,344
Fixed Deposits with Licensed Banks	2,431	2,436
Cash and Bank Balances	104,061	89,156
	<u>557,027</u>	<u>514,831</u>
<b>TOTAL ASSETS</b>	<u><b>831,162</b></u>	<u><b>791,318</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	204,332	203,929
Treasury Shares	(811)	(554)
Revaluation Reserve	12,583	12,634
Warrants Reserve	14,869	14,869
Other Reserves	14,413	15,519
Unappropriated Profit	292,018	278,004
<b>Equity attributable to owners of the Parent</b>	<u>537,404</u>	<u>524,401</u>
Non-Controlling Interest	7,760	8,463
<b>Total Equity</b>	<u><b>545,164</b></u>	<u><b>532,864</b></u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long Term Borrowings	48,580	46,938
Other Payables	271	278
Deferred Tax Liabilities	5,624	5,609
	<u>54,475</u>	<u>52,825</u>
<b>Current Liabilities</b>		
Trade and Other Payables	61,405	83,603
Overdraft and Short Term Borrowings	164,781	116,951
Amount Due to An Associate Company	284	259
Derivative Financial Instruments	-	99
Tax Payable	5,053	2,501
Dividend Payable	-	2,216
	<u>231,523</u>	<u>205,629</u>
<b>Total Liabilities</b>	<u><b>285,998</b></u>	<u><b>258,454</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>831,162</b></u>	<u><b>791,318</b></u>
NET ASSETS PER SHARE (RM)	<b>0.73</b>	<b>0.71</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to the interim financial reports.



## INTERIM FINANCIAL REPORT

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MAY 2017

	<b>GROUP</b> <b>31/05/2017</b> <b>RM'000</b>	GROUP 31/05/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>17,042</b>	10,325
Adjustments for:		
Allowance for impairment of receivables no longer required	<b>(59)</b>	(1,296)
Allowance for slow moving inventories	<b>11</b>	204
Amortisation of prepaid land lease payments	<b>146</b>	128
Depreciation of property, plant and equipment	<b>3,800</b>	3,489
Interest expense	<b>1,940</b>	1,497
Interest income	<b>(257)</b>	(207)
Gain on disposal of property, plant and equipment	<b>(363)</b>	(89)
Unrealised exchange gain on foreign exchange	<b>(64)</b>	(222)
Other non-cash items	<b>561</b>	31
<b>Operating profit before changes in working capital</b>	<b>22,757</b>	13,860
Changes in working capital:-		
Inventories	<b>(17,421)</b>	8,616
Receivables	<b>(13,351)</b>	(745)
Payables	<b>(22,434)</b>	946
Associate company	<b>3,661</b>	6,340
Joint Venture Company	<b>-</b>	(272)
<b>Cash (used in)/generated from operations</b>	<b>(26,788)</b>	28,745
Tax paid (net)	<b>(865)</b>	(3,617)
<b>Net cash (used in)/generated from operating activities</b>	<b>(27,653)</b>	25,128
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>253</b>	207
Purchase of property, plant and equipment	<b>(1,876)</b>	(1,123)
Proceeds from disposal of property, plant and equipment	<b>379</b>	139
Capital work-in-progress incurred	<b>(406)</b>	(991)
Proceed from non-controlling interests	<b>-</b>	2,588
Purchase of prepaid land lease payment	<b>-</b>	(231)
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,650)</b>	589
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(2,216)</b>	(3,059)
Proceeds from issuance of share capital	<b>323</b>	-
Purchase of treasury shares	<b>(257)</b>	(774)
Interest paid	<b>(2,046)</b>	(1,773)
Proceeds from/(repayment of) short-term borrowings	<b>50,462</b>	(20,939)
Drawdown of borrowings	<b>2,135</b>	10,200
Repayment of borrowings	<b>(4,776)</b>	(4,605)
<b>Net cash generated from/(used in) financing activities</b>	<b>43,625</b>	(20,950)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>14,322</b>	4,767
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>578</b>	(833)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>91,592</b>	76,951
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>106,492</b>	80,885

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to the interim financial reports.



**PANTECH GROUP HOLDINGS BERHAD**

Company No. 733607 W  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2017**

	Attributable to Owners of the Company				Distributable				Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000		Non-Controlling Interest RM'000
<b>Balance as at 1 March 2016</b>	123,294	80,634	(2,949)	7,482	12,755	14,178	3,262	270,641	(27)	509,270
<b>Transactions with owners:</b>										
Increase in investment in a subsidiary company	-	-	-	-	-	-	-	-	9,800	9,800
Acquisition of treasury shares	-	-	(774)	-	-	-	-	-	-	(774)
Total transactions with owners	-	-	(774)	-	-	-	-	-	9,800	(774)
Profit for the period	-	-	-	-	-	-	-	8,089	(73)	8,016
Other comprehensive income for the period	-	-	-	-	(46)	(697)	50	46	-	(647)
Total comprehensive income for the period	-	-	-	-	(46)	(697)	50	8,135	(73)	7,369
<b>Balance as at 31 May 2016</b>	123,294	80,634	(3,723)	7,482	12,709	13,481	3,312	278,776	9,700	525,665

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to the interim financial reports



**PANTECH GROUP HOLDINGS BERHAD**

Company No. 733607 W  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2017 (continued)**

	Attributable to Owners of the Company				Distributable				Total Equity RM'000
	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000	Non-Controlling Interest RM'000	
<b>Balance as at 1 March 2017</b>	203,929	14,869	12,634	961	10,038	4,520	278,004	8,463	532,864
<b>Transactions with owners:</b>									
Issuance of shares pursuant to exercise of ESOS	403	-	-	(80)	-	-	-	-	323
Acquisition of treasury shares	-	(257)	-	-	-	-	-	-	(257)
Share options granted under ESOS	-	-	-	474	-	-	-	-	474
Total transactions with owners	403	(257)	-	394	-	-	-	-	540
Profit for the period	-	-	-	-	-	-	13,963	(703)	13,260
Other comprehensive income for the period	-	-	(51)	-	381	(1,881)	51	-	(1,500)
Total comprehensive income for the period	-	-	(51)	-	381	(1,881)	14,014	(703)	11,760
<b>Balance as at 31 May 2017</b>	204,332	14,869	12,583	1,355	10,419	2,639	292,018	7,760	545,164

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2017 and the accompanying explanatory notes attached to the interim financial reports



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## INTERIM FINANCIAL REPORT

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### A. EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of properties included within property, plant and equipment and investment properties which are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 28 February 2017.

#### A2 Summary of Significant Accounting Policies

##### (a) Adoption of Amendments to MFRSs

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 28 February 2017, except for adoption of the following new standards and amendments to MFRSs which are mandatory for the financial period beginning on or after 1 January 2017.

- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014-2016 – Amendments to MFRS 12

##### (b) Standards Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2018:

- Amendments to MFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- MFRS 9 Financial Instruments



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## INTERIM FINANCIAL REPORT

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### **A2 Summary of Significant Accounting Policies (continued)**

#### **(b) Standards Issued But Not Yet Effective (continued)**

MFRSs, Amendments to MFRSs and IC Interpretation effective for annual periods beginning on or after 1 January 2018 (continued):

- Annual Improvements to MFRSs 2014-2016 Cycle:-
  - (i) Amendments to MFRS 1 First Time Adoption of Malaysian Financial Reporting Standards
  - (ii) Amendments to MFRS 128 Investment in Associates
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 140 – Transfers of Investment Property
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

MFRS effective for annual periods beginning on or after 1 January 2019:

- MFRS 16 Leases

MFRS and Amendments effective for a date yet to be confirmed:

- Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The initial adoption of the above standards, amendments and interpretations are not expected to have any financial impacts to the financial statements of the Group except for MFRS 2, MFRS 9, MFRS 15 and MFRS 16. The Group is currently assessing the financial impact or potential effect of MFRS 2, MFRS 9, MFRS 15 and MFRS 16 and plans to adopt the new standards on the required effective date.

### **A3 Audit Report of Preceding Annual Financial Statement**

The audited financial statements of the Company and its subsidiary companies for the financial year ended 28 February 2017 were not subject to any audit qualification.

### **A4 Seasonal or Cyclical Factors**

The Group's business operations were not affected by any seasonal or cyclical factors.

### **A5 Significant Matters, Unusual Items or Transactions due to Their Nature, Size or Incidence**

There were no significant matters, unusual items or transactions that affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.



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## INTERIM FINANCIAL REPORT

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### A6 Material Changes in Estimates

There were no changes in estimates that have a material effect during the quarter under review.

### A7 Debt and Equity Securities

Save as disclosed below, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company:

#### a) Treasury Shares

During the current financial year-to-date under review, the Company had purchased 450,000 ordinary share or 0.06% of its issued share capital from the open market at the average price paid of RM0.57 per share. The purchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act, 2016.

The Company has the right to cancel, resell any shares purchased and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

As at the end of financial year-to-date under review, the number of ordinary shares in issue after deducting treasury shares against equity is 738,983,832 ordinary shares.

#### b) Employees' Share Option Scheme ("ESOS")

During the current financial year-to-date under review, 779,900 number of ordinary shares were issued under the Company's ESOS.

### A8 Dividend Paid

	<b>Current Year To-date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>
<b>Third interim dividend in respect of financial year ended 28 February 2017, paid on 12 April 2017</b> Single tier dividend of 0.30 sen per ordinary share	<b>2,216</b>	-
<b>Third interim dividend in respect of financial year ended 29 February 2016, paid on 15 April 2016</b> Single tier dividend of 0.50 sen per ordinary share	-	3,059
	<b>2,216</b>	<b>3,059</b>





## INTERIM FINANCIAL REPORT

### A9 Segment Information

The Group is principally engaged in the business segments of trading of PVF\*, manufacturing of pipes and pipe fittings, investments and management.

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 May 2017</b>					
<b>Revenue</b>					
External Revenue	93,234	58,262	-	-	151,496
Intersegment revenue	8,846	13,728	3,841	(26,415)	-
<b>Total revenue</b>	<b>102,080</b>	<b>71,990</b>	<b>3,841</b>	<b>(26,415)</b>	<b>151,496</b>
<b>Segment Profit</b>	<b>13,570</b>	<b>6,089</b>	<b>2,669</b>	<b>(3,131)</b>	<b>19,197</b>
Interest income					257
Finance costs					(2,301)
Share of loss in associate					(111)
<b>Profit before tax</b>					<b>17,042</b>
	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 May 2016</b>					
<b>Revenue</b>					
External Revenue	79,686	44,257	-	-	123,943
Intersegment revenue	11,551	8,053	3,642	(23,246)	-
<b>Total revenue</b>	<b>91,237</b>	<b>52,310</b>	<b>3,642</b>	<b>(23,246)</b>	<b>123,943</b>
<b>Segment Profit</b>	<b>7,988</b>	<b>3,933</b>	<b>2,856</b>	<b>(2,868)</b>	<b>11,909</b>
Interest income					207
Finance costs					(1,768)
Share of loss in associate					(21)
Share of loss in joint venture					(2)
<b>Profit before tax</b>					<b>10,325</b>

\* PVF: Represents pipes, valves and fittings.



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## INTERIM FINANCIAL REPORT

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### A9 Segment Information (continued)

Analysis of the Group's revenue by geographical segments:

	Revenue	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	165,954	125,453
Generated by overseas operation	11,957	21,736
	177,911	147,189
Inter-segments elimination	(26,415)	(23,246)
	151,496	123,943

### A10 Valuation of Property, Plant and Equipment

Property, plant and equipment of the Group are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

There was no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the financial year ended 28 February 2017.

### A11 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current financial quarter to date of this announcement, which is likely to substantially affect the results and the operations of the Group.

### A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

### A13 Contingent Liabilities

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon crystallization would have a material impact on the financial position and business of the Group.

The Company has provided the following corporate guarantees to financial institutions and suppliers for credit facilities granted to its subsidiaries:-

	<b>31 May 2017</b>
	<b>RM'000</b>
Corporate guarantees	<u>781,413</u> *

\* Represents the total limit of Pantech's corporate guarantee



## **INTERIM FINANCIAL REPORT**

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### **A14 Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 31 May 2017 are as follows:

**31 May 2017**

**RM'000**

Approved and contracted for

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## INTERIM FINANCIAL REPORT

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

#### B1 Review of Performance

Business Segment	Revenue Current Quarter		Revenue 3 months to	
	31-May-17	31-May-16	31-May-17	31-May-16
	RM'000	RM'000	RM'000	RM'000
Trading	93,234	79,686	93,234	79,686
Manufacturing	58,262	44,257	58,262	44,257
Investment and Management	-	-	-	-
Consolidated Total	151,496	123,943	151,496	123,943

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 3 months to	
	31-May-17	31-May-16	31-May-17	31-May-16
	RM'000	RM'000	RM'000	RM'000
Trading	12,828	7,414	12,828	7,414
Manufacturing	5,498	3,915	5,498	3,915
Investment and Management	(1,284)	(1,004)	(1,284)	(1,004)
Consolidated Total	17,042	10,325	17,042	10,325

#### Trading Division

For the current quarter ended 31 May 2017, the trading division recorded higher external revenue of RM93.23 million (Q1FY17: RM79.69 million) and higher segment profit before tax of RM12.83 million (Q1FY17: RM7.41 million), an increase of approximately RM13.54 million (16.99%) and RM5.42 million (73.14%) respectively.

The higher revenue and segment profit before tax for the current quarter was mainly due to the increased in sales demand and delivery in downstream oil and gas projects, namely RAPID.

#### Manufacturing Division

For the current quarter ended 31 May 2017, the manufacturing division recorded higher external revenue of RM58.26 million (Q1FY17: RM44.26 million) and a higher segment profit before tax of RM5.50 million (Q1FY17: RM3.92 million), an increase of approximately RM14.00 million (31.63%) and RM1.58 million (40.31%) respectively.



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## INTERIM FINANCIAL REPORT

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### **B1 Review of Performance (continued)**

#### **Manufacturing Division (continued)**

The higher revenue was mainly due to the higher sales contribution from local manufacturing plant arising from better overseas sales demand. The increase in revenue has also contributed to the higher segment profit before tax for the manufacturing division.

#### **Investment and Management Division**

This is mainly inter-group dividend and management fees income and group related expenses.

#### **Group Performance**

For the current quarter ended 31 May 2017, the Group registered a higher revenue of RM151.50 million (Q1FY17: RM123.94 million) and a higher profit before tax of RM17.04 million (Q1FY17: RM10.33 million), an increase of RM27.56 million (22.23%) and RM6.71 million (65.05%) respectively. The better Group performance was mainly due to the increase in sales demand from both trading and manufacturing division. The better performance has also translated to better profit after tax of RM13.26 million for the current quarter (Q1FY17: RM8.02 million).

### **B2 Variation of Results against Preceding Quarter**

In the current quarter under review, the Group reported a comparable revenue of RM151.50 million compared to the preceding quarter of RM152.52 million and a higher profit after taxation ("PAT") of RM13.26 million compared to preceding quarter of RM9.25 million. Better product mix has contributed to the higher PAT margin.

### **B3 Prospects**

The Group remain cautiously optimistic on the development in oil and gas industries with the current oil price hovering around USD50/barrel. The Group will prudently continue to focus and expand on its existing revenue generating businesses and seek opportunities to grow its businesses, both local and overseas, by expanding its capacity as the major pipes, valves and fittings solutions provider to the oil and gas industries, related upstream and down-stream industries.

The shale gas interest in the United States of America have spurred increases in sales activities for the manufacturing division. With the continuous development of RAPID projects and associated facilities in southern Johor, the Group is poised to meet the requirement from these projects which are expected to complete in 2019.

Barring any unforeseen circumstances the Group expects its overall performance for the current financial year to remain satisfactory.



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## INTERIM FINANCIAL REPORT

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### **B4 Variance on Profit Forecast/Profit Guarantee**

There is no profit forecast or guarantee issued by the Group for the current financial year and quarter under review.

### **B5 Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31-May-17 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-May-16 RM'000</b>	<b>Current Year To Date 31-May-17 RM'000</b>	<b>Preceding Year Corresponding Period 31-May-16 RM'000</b>
Current taxation	<b>3,791</b>	1,866	<b>3,791</b>	1,866
Over provision of taxation in prior year	<b>(83)</b>	-	<b>(83)</b>	-
Transferred from deferred tax assets	<b>89</b>	455	<b>89</b>	455
Crystallization of deferred taxation upon depreciation of revalued assets	<b>(15)</b>	(12)	<b>(15)</b>	(12)
	<b>3,782</b>	2,309	<b>3,782</b>	2,309

Tax expense for the current quarter and financial year-to-date ended 31 May 2017 is derived based on management's best estimate of the tax charges for the year. The effective tax rate of the Group for the current financial year-to-date is lower than the statutory rate which mainly due to the utilization of the tax incentive by one of the subsidiary company.

### **B6 Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at the date of this quarterly report.



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### **B7 Group Borrowings and Debt Securities**

The Group's borrowings as at the end of the reporting quarter are as follows:-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<u>Unsecured:-</u>		
- Term loans	15,580	45,368
- Hire purchase	2,253	3,212
- Bank Overdrafts	449	-
- Bankers' acceptances, trust receipts and other short term loan	122,782	-
- Onshore foreign currency loan	23,717	-
	<u>164,781</u>	<u>48,580</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	4,682	20,197
SGD Dollar	32	99
GBP Pound	632	3,520

### **B8 Material Litigation**

There are no pending material litigations as at the date of this quarterly report that has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially affect the position or business of the Group.

### **B9 Dividends**

The Board of Directors has approved and declared a first interim single tier dividend of 0.50 sen per ordinary shares and a special interim single tier dividend of 0.50 sen per ordinary share in respect of the financial year ending 28 February 2018 (Preceding year corresponding period: 0.50 sen). The first and special interim dividend will be paid on 24 October 2017 to shareholders whose name appear on the Company's Record of Depositors on 29 September 2017.

The total dividend per share for the current financial year is 1.0 sen single tier dividend per ordinary share (Preceding year corresponding period: 0.50 sen).



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### B10 Earnings per Share

#### a) Basic Earnings per Share

Basic Earnings Per Share is calculated by dividing profit for the period attributable to owners of the Company by weighted average number of ordinary shares in issue during the period:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-May-17 RM'000	31-May-16 RM'000	31-May-17 RM'000	31-May-16 RM'000
Net profit attributable to owners of the Company	13,963	8,089	13,963	8,089
Weighted average number of ordinary share in issue ('000)	739,062	734,291*	739,062	734,291*
<b>Basic earnings per ordinary share (sen)</b>	<b>1.89</b>	<b>1.10</b>	<b>1.89</b>	<b>1.10</b>

#### b) Diluted Earnings per Share

The Diluted Earnings per Share is calculated by dividing the profit attributable to the owners of the Company on the weighted average number of ordinary shares in issue during the period which has been adjusted for the dilutive effect of ordinary shares that would be issued upon conversion of all outstanding warrants and ESOS.





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**B10 Earnings per Share (continued)**

**b) Diluted Earnings per Share (continued)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31-May-17 RM'000</b>	<b>31-May-16 RM'000</b>	<b>31-May-17 RM'000</b>	<b>31-May-16 RM'000</b>
<b>Net profit attributable to owners of the Company:</b>	<b>13,963</b>	8,089	<b>13,963</b>	8,089
<b>Adjusted weighted average number of shares ('000):</b>				
Weighted average number of ordinary share in issue ('000)	<b>739,062</b>	734,291*	<b>739,062</b>	734,291*
Adjustment for dilutive effect on exercise of Warrants ('000)	<b>30,074</b>	-	<b>30,074</b>	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	<b>8,402</b>	-	<b>8,402</b>	-
	<b>777,538</b>	734,291*	<b>777,538</b>	734,291*
<b>Diluted earnings per ordinary share (sen)</b>	<b>1.80</b>	1.10	<b>1.80</b>	1.10

Note: \*In accordance with the Malaysian Financial Reporting Standard MFRS 133 – Earnings Per Share, the effect of bonus issues on the computation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the number of ordinary shares has been adjusted for the bonus issue of one (1) bonus share for every five (5) existing ordinary share in the Company which was completed on 21 December 2016.



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### B11 Share Buy Back

As at end of current quarter, a total of 1,391,924 ordinary shares were retained as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act, 2016. The average price paid for the shares purchased was RM0.58 per share.

### B12 Realized and Unrealized Profits / (Losses) Disclosure

	As at 31-May-17	As at 28-Feb-17
	RM'000	RM'000
<b>Total unappropriated profits of Pantech and its subsidiaries:</b>		
- Realized	377,304	359,844
- Unrealized	497	4,526
	<b>377,801</b>	364,370
<b>Total share of unappropriated profits from associate company:</b>		
- Realized	1,753	1,976
- Unrealized	(8)	10
	<b>1,745</b>	1,986
	<b>379,546</b>	366,356
<b>Less: consolidation adjustments</b>	<b>(87,528)</b>	(88,352)
<b>Total Group unappropriated profits</b>	<b>292,018</b>	278,004



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**B13 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 31-May-17 RM'000</b>	<b>Financial Year Ended 31-May-17 RM'000</b>
Interest income	257	257
Other income including investment income	243	243
Interest expense	(1,940)	(1,940)
Depreciation and amortization	(3,946)	(3,946)
Allowance for impairment and write off of receivables	59	59
Allowance for slow moving and write off of inventories	(11)	(11)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	363	363
Fair value gain/(loss) on investment properties	-	-
Realised foreign exchange gain/(loss)	(1,903)	(1,903)
Unrealised foreign exchange gain/(loss)	64	64
Gan/(loss) on derivatives	24	24
Exceptional items	-	-

**Date: 26<sup>th</sup> July 2017**