



INTERIM FINANCIAL REPORT

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

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2017 RM'000	Preceding Year Corresponding Quarter 31/08/2016 RM'000	Current Year To Date 31/08/2017 RM'000	Preceding Year Corresponding Period 31/08/2016 RM'000
Revenue	157,099	103,809	308,595	227,752
Operating Expenses	(141,093)	(96,498)	(276,787)	(211,319)
Other Operating Income	934	501	4,587	3,495
Profit from Operations	16,940	7,812	36,395	19,928
Finance Cost	(2,518)	(1,649)	(4,819)	(3,417)
Share of profit/(loss) in associate company	30	423	(81)	402
Share of loss in joint venture company	-	(5)	-	(7)
Profit before taxation	14,452	6,581	31,495	16,906
Taxation	(3,441)	(1,549)	(7,223)	(3,858)
Profit for the period	11,011	5,032	24,272	13,048
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	142	(6,302)	523	(6,999)
Realisation of revaluation reserve upon depreciation of revalued asset	51	61	102	107
Transfer of revaluation reserve to unappropriated profit	(51)	(61)	(102)	(107)
Fair value loss on cash flow hedge	(131)	(629)	(2,012)	(579)
Total comprehensive income/(loss) for the period	11,022	(1,899)	22,783	5,470
Profit/(loss) for the period attributable to:				
Owners of the Company	11,751	5,136	25,715	13,225
Non-controlling interest	(740)	(104)	(1,443)	(177)
	11,011	5,032	24,272	13,048
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	11,762	(1,795)	24,226	5,647
Non-controlling interest	(740)	(104)	(1,443)	(177)
	11,022	(1,899)	22,783	5,470
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.59	0.70	3.48	1.80
(b) Diluted earnings per ordinary share (sen)	1.50	0.70	3.29	1.80

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 AUGUST 2017**

	31/08/2017	28/02/2017
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	229,772	199,913
Prepaid Land Lease Payments	33,425	33,716
Capital Work-in-progress	2,739	28,566
Investment Properties	6,600	6,600
Investment In An Associate Company	2,194	2,275
Derivatives Financial Instruments	1,376	3,276
Goodwill on Acquisition	1,214	1,214
Deferred Tax Assets	788	927
	<u>278,108</u>	<u>276,487</u>
Current Assets		
Inventories	286,557	262,426
Trade and Other Receivables	159,170	148,426
Amount Due from An Associate Company	11,398	11,043
Derivatives Financial Instruments	1,142	1,344
Fixed Deposits with Licensed Banks	2,467	2,436
Cash and Bank Balances	95,243	89,156
	<u>555,977</u>	<u>514,831</u>
TOTAL ASSETS	<u>834,085</u>	<u>791,318</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	205,700	203,929
Treasury Shares	(811)	(554)
Revaluation Reserve	12,532	12,634
Warrants Reserve	14,844	14,869
Other Reserves	14,619	15,519
Unappropriated Profit	292,698	278,004
Equity attributable to owners of the Parent	<u>539,582</u>	<u>524,401</u>
Non-Controlling Interest	7,020	8,463
Total Equity	<u>546,602</u>	<u>532,864</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	48,672	46,938
Other Payables	276	278
Deferred Tax Liabilities	5,613	5,609
	<u>54,561</u>	<u>52,825</u>
Current Liabilities		
Trade and Other Payables	54,401	83,603
Overdraft and Short Term Borrowings	164,223	116,951
Amount Due to An Associate Company	290	259
Derivative Financial Instruments	-	99
Tax Payable	6,591	2,501
Dividend Payable	7,417	2,216
	<u>232,922</u>	<u>205,629</u>
Total Liabilities	<u>287,483</u>	<u>258,454</u>
TOTAL EQUITY AND LIABILITIES	<u>834,085</u>	<u>791,318</u>
NET ASSETS PER SHARE (RM)	0.73	0.71

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.



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

	GROUP	GROUP
	31/08/2017	31/08/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,495	16,906
Adjustments for:		
Allowance for impairment of receivables no longer required	(557)	(1,234)
Allowance for slow moving inventories	354	92
Amortisation of prepaid land lease payments	291	272
Depreciation of property, plant and equipment	8,046	6,913
Interest expense	4,163	2,814
Bad debts written off	368	-
Interest income	(591)	(435)
Gain on disposal of property, plant and equipment	(360)	(91)
(Gain)/loss on fair value of derivatives financial instruments	(10)	9
Unrealised exchange gain on foreign exchange	(110)	(362)
Other non-cash items	985	(389)
Operating profit before changes in working capital	44,074	24,495
Changes in working capital:-		
Inventories	(24,485)	19,770
Receivables	(10,354)	13,297
Payables	(29,161)	(3,260)
Associate company	(323)	6,799
Joint Venture Company	-	(802)
Cash (used in)/generated from operations	(20,249)	60,299
Tax paid (net)	(2,609)	(6,640)
Net cash (used in)/generated from operating activities	(22,858)	53,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	587	435
Purchase of property, plant and equipment	(3,556)	(818)
Proceeds from disposal of property, plant and equipment	379	140
Capital work-in-progress incurred	(2,688)	(7,326)
Proceed from non-controlling interests	-	2,588
Purchase of prepaid land lease payment	-	(231)
Net cash used in investing activities	(5,278)	(5,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,922)	(6,107)
Proceeds from issuance of share capital	1,431	-
Purchase of treasury shares	(257)	(1,226)
Interest paid	(4,568)	(3,232)
Proceeds from/(repayment of) short-term borrowings	50,063	(21,103)
Drawdown of borrowings	4,469	10,200
Repayment of borrowings	(11,512)	(13,352)
Net cash generated from/(used in) financing activities	33,704	(34,820)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,568	13,627
EFFECT OF EXCHANGE RATE CHANGES	550	(5,167)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	91,592	76,951
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	97,710	85,411

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)

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

	← Attributable to Owners of the Company →										
	← Non-Distributable →					Distributable					
	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	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 March 2016	123,294	80,634	(2,949)	7,482	12,755	14,178	3,262	270,641	509,297	(27)	509,270
Transactions with owners:											
Increase share capital in subsidiary	-	-	-	-	-	-	-	-	-	9,800	9,800
Acquisition of treasury shares	-	-	(1,226)	-	-	-	-	-	(1,226)	-	(1,226)
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,048)	(3,048)	-	(3,048)
Final share dividend distributed to Shareholders	-	-	3,668	-	-	-	-	(3,668)	-	-	-
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,048)	(3,048)	-	(3,048)
Total transactions with owners	-	-	2,442	-	-	-	-	(9,764)	(7,322)	9,800	2,478
Profit for the period	-	-	-	-	-	-	-	13,225	13,225	(177)	13,048
Other comprehensive income for the period	-	-	-	-	(107)	(6,999)	(579)	107	(7,578)	-	(7,578)
Total comprehensive income for the period	-	-	-	-	(107)	(6,999)	(579)	13,332	5,647	(177)	5,470
Balance as at 31 August 2016	123,294	80,634	(507)	7,482	12,648	7,179	2,683	274,209	507,622	9,596	517,218

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)

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

	← Attributable to Owners of the Company →						← Non-Distributable → Distributable				
	Share Capital 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	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 March 2017	203,929	(554)	14,869	12,634	961	10,038	4,520	278,004	524,401	8,463	532,864
Transactions with owners:											
Issuance of shares pursuant to exercise of ESOS	1,746	-	-	-	(315)	-	-	-	1,431	-	1,431
Issuance of shares pursuant to exercise of Warrants	25	-	(25)	-	-	-	-	-	-	-	-
Acquisition of treasury shares	-	(257)	-	-	-	-	-	-	(257)	-	(257)
Share options granted under ESOS	-	-	-	-	904	-	-	-	904	-	904
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,706)	(3,706)	-	(3,706)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(7,417)	(7,417)	-	(7,417)
Total transactions with owners	1,771	(257)	(25)	-	589	-	-	(11,123)	(9,045)	-	(9,045)
Profit for the period	-	-	-	-	-	-	-	25,715	25,715	(1,443)	24,272
Other comprehensive income for the period	-	-	-	(102)	-	523	(2,012)	102	(1,489)	-	(1,489)
Total comprehensive income for the period	-	-	-	(102)	-	523	(2,012)	25,817	24,226	(1,443)	22,783
Balance as at 31 August 2017	205,700	(811)	14,844	12,532	1,550	10,561	2,508	292,698	539,582	7,020	546,602

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



INTERIM FINANCIAL REPORT

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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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 and IC Interpretation effective for annual periods beginning on or after 1 January 2019:

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments

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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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 741,588,658 ordinary shares.

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

During the current financial year-to-date under review, 3,080,650 number of ordinary shares were issued under the Company's ESOS.

c) Warrants 2010/2020 ("Warrants A") and Warrants 2016/2021 ("Warrants B")

During the current financial year-to-date under review, a total of 300,000 units of Warrants A and 4,076 units of Warrants B were exercised at the exercise price of RM0.50 per unit.



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A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
Final dividend in respect of financial year ended 28 February 2017, paid on 24 August 2017 Single tier dividend of 0.50 sen per ordinary share	3,706	-
Third interim dividend in respect of financial year ended 28 February 2017, paid on 12 April 2017 Single tier dividend of 0.30 sen per ordinary share	2,216	-
Final dividend in respect of financial year ended 29 February 2016, paid on 18 August 2016 i) Single tier dividend of 0.50 sen per ordinary share ii) Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares		3,048 3,668
Third interim dividend in respect of financial year ended 29 February 2016, paid on 15 April 2016 Single tier dividend of 0.50 sen per ordinary share	-	3,059
	5,922	9,775

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.

	Trading of PVF products RM'000	Manufacturing of pipes & pipe fittings RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 August 2017					
Revenue					
External Revenue	177,328	131,267	-	-	308,595
Intersegment revenue	18,241	25,687	9,897	(53,825)	-
Total revenue	195,569	156,954	9,897	(53,825)	308,595
Segment Profit	24,992	11,528	7,444	(8,160)	35,804
Interest income					591
Finance costs					(4,819)
Share of loss in associate					(81)
Profit before tax					31,495



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A9 Segment Information (continued)

	Trading of PVF products RM'000	Manufacturing of pipes & pipe fittings RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 August 2016					
Revenue					
External Revenue	144,156	83,596	-	-	227,752
Intersegment revenue	16,510	17,438	12,336	(46,284)	-
Total revenue	<u>160,666</u>	<u>101,034</u>	<u>12,336</u>	<u>(46,284)</u>	<u>227,752</u>
Segment Profit	12,046	7,708	10,583	(10,844)	19,493
Interest income					435
Finance costs					(3,417)
Share of loss in joint venture					(7)
Share of profit in associate					402
Profit before tax					<u>16,906</u>

* PVF: Represents pipes, valves and fittings.

Analysis of the Group's revenue by geographical segments:

	Revenue	
	-- 6 months ended 31 August 2017 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	334,279	242,911
Generated by overseas operation	28,141	31,125
	<u>362,420</u>	274,036
Inter-segments elimination	(53,825)	(46,284)
	<u>308,595</u>	227,752

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.



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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 operations of the Group.

A12 Changes in the Composition of the Group

On 9 August 2017, the Company has subscribed for an additional 2,550,000 ordinary shares in its subsidiary, Pantech Galvanising Sdn. Bhd. (“PGSB”) for a total cash consideration of RM2,550,000. Following the subscription, the Company’s equity interest in PGSB has increased from 51% to 56.54%.

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:-

	31 Aug 2017
	RM’000
Corporate guarantees	<u>779,727</u> *

* Represents the total limit of Pantech’s corporate guarantee

A14 Capital Commitments

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

	31 Aug 2017
	RM’000
Approved and contracted for	<u>510</u>



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

B1 Review of Performance

Business Segment	Revenue Current Quarter		Revenue 6 months to	
	31-Aug-17	31-Aug-16	31-Aug-17	31-Aug-16
	RM'000	RM'000	RM'000	RM'000
Trading	84,094	64,470	177,328	144,156
Manufacturing	73,005	39,339	131,267	83,596
Investment and Management	-	-	-	-
Consolidated Total	157,099	103,809	308,595	227,752

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 6 months to	
	31-Aug-17	31-Aug-16	31-Aug-17	31-Aug-16
	RM'000	RM'000	RM'000	RM'000
Trading	10,958	3,936	23,786	11,350
Manufacturing	4,876	3,808	10,375	7,723
Investment and Management	(1,382)	(1,163)	(2,666)	(2,167)
Consolidated Total	14,452	6,581	31,495	16,906

Trading Division

For the current quarter ended 31 August 2017, the trading division recorded higher external revenue of RM84.09 million (Q2FY17: RM64.47 million) and higher segment profit before tax of RM10.96 million (Q2FY17: RM3.94 million), an increase of approximately RM19.62 million (30.44%) and RM7.02 million (178.40%) respectively.

For the 6 months ended 31 August 2017, the trading division recorded higher external revenue of RM177.33 million (6 months FY17: RM144.16 million) and higher profit before tax of RM23.79 million (6 months FY17: RM11.35 million), an increase of approximately RM33.17 million (23.01%) and RM12.44 million (109.57%) respectively.

The higher revenue for the current quarter and the 6 months ended 31 August 2017 was mainly due to the increase in sales demand and delivery in downstream oil and gas projects, namely RAPID. The higher sales contribution as well as the better product mix has also contributed to the higher segment profit before tax for the current quarter and the 6 months ended 31 August 2017.



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B1 Review of Performance (continued)

Manufacturing Division

For the current quarter ended 31 August 2017, the manufacturing division recorded higher external revenue of RM73.01 million (Q2FY17: RM39.34 million) and a higher segment profit before tax of RM4.88 million (Q2FY17: RM3.81 million), an increase of approximately RM33.67 million (85.58%) and RM1.07 million (28.05%) respectively.

For the 6 months ended 31 August 2017, the manufacturing division recorded higher external revenue of RM131.27 million (6 months FY17: RM83.60 million) and higher segment profit before tax of RM10.38 million (6 months FY17: RM7.72 million), an increase of approximately RM47.67 million (57.03%) and RM2.65 million (34.34%) respectively.

The higher revenue for the current quarter and the 6 months ended 31 August 2017 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 August 2017, the Group registered higher revenue of RM157.10 million (Q2FY17: RM103.81 million) and higher profit before tax of RM14.45 million (Q2FY17: RM6.58 million).

For the 6 months ended 31 August 2017, the Group registered higher revenue of RM308.60 million (6 months FY17: RM227.75 million) and higher profit before tax of RM31.50 million (6 months FY17: RM16.91 million).

The better Group performance was mainly due to the increase in sales demand from both trading and manufacturing division arising from the increased delivery to RAPID and overseas market which also translated to higher profit before tax.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group registered higher revenue of RM157.10 million compared to the preceding quarter of RM151.50 million, but a lower profit after taxation ("PAT") of RM11.01 million compared to preceding quarter of RM13.26 million. The lower PAT for the current quarter was mainly due to the product mix by manufacturing division.



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B3 Prospects

The Group remain cautiously optimistic on the increased activities and development in oil and gas industries with the current oil price above 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.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Aug-17 RM'000	Preceding Year Corresponding Quarter 31-Aug-16 RM'000	Current Year To Date 31-Aug-17 RM'000	Preceding Year Corresponding Period 31-Aug-16 RM'000
Current taxation	3,374	1,511	7,165	3,377
Over provision of taxation in prior year	-	(27)	(83)	(27)
Transferred from deferred tax assets	82	83	171	538
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	(18)	(30)	(30)
	<u>3,441</u>	<u>1,549</u>	<u>7,223</u>	<u>3,858</u>



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B5 Taxation (continued)

Tax expense for the current quarter and financial year-to-date ended 31 August 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 interim financial report.

B7 Group Borrowings and Debt Securities

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

	Current RM'000	Non-current RM'000
<u>Unsecured:-</u>		
- Term loans	14,601	41,314
- Hire purchase	3,073	7,358
- Bankers' acceptances, trust receipts and other short term loan	124,006	-
- Onshore foreign currency loan	22,543	-
	<u>164,223</u>	<u>48,672</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	4,491	19,239
SGD Dollar	29	92
GBP Pound	594	3,304
	<u>5,114</u>	<u>22,635</u>

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.



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B9 Dividends

The Board of Directors has approved and declared a second interim single tier dividend of 0.50 sen per ordinary shares in respect of the financial year ending 28 February 2018 (Preceding year corresponding quarter: 0.50 sen). The second interim dividend will be paid on 19 January 2018 to shareholders whose name appear on the Company's Record of Depositors on 29 December 2017.

The total dividend per share for the current financial year is 1.50 sen single tier dividend per ordinary share (Preceding year corresponding period: 1.00 sen).

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-Aug-17 RM'000	31-Aug-16 RM'000	31-Aug-17 RM'000	31-Aug-16 RM'000
Net profit attributable to owners of the Company	11,751	5,136	25,715	13,225
Weighted average number of ordinary share in issue ('000)	739,785	734,510*	739,785	734,510*
Basic earnings per ordinary share (sen)	1.59	0.70	3.48	1.80



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B10 Earnings per Share (continued)

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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Aug-17 RM'000	31-Aug-16 RM'000	31-Aug-17 RM'000	31-Aug-16 RM'000
Net profit attributable to owners of the Company:	11,751	5,136	25,715	13,225
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	739,785	734,510*	739,785	734,510*
Adjustment for dilutive effect on exercise of Warrants ('000)	33,407	-	33,407	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	8,686	-	8,686	-
	781,878	734,510*	781,878	734,510*
Diluted earnings per ordinary share (sen)	1.50	0.70	3.29	1.80

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 shares 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-Aug-17	As at 28-Feb-17
	RM'000	RM'000
Total unappropriated profits of Pantech and its subsidiaries:		
- Realized	377,252	359,844
- Unrealized	472	4,526
	377,724	364,370
Total share of unappropriated profits from associate company:		
- Realized	1,783	1,976
- Unrealized	(8)	10
	1,775	1,986
	379,499	366,356
Less: consolidation adjustments	(86,801)	(88,352)
	292,698	278,004



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B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-Aug-17 RM'000	Financial Year Ended 31-Aug-17 RM'000
Interest income	334	591
Other income including investment income	172	415
Interest expense	(2,223)	(4,163)
Depreciation and amortization	(4,391)	(8,337)
Allowance for impairment and write off of receivables	130	189
Allowance for slow moving and write off of inventories	(343)	(354)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain/(loss) on disposal of property, plant and equipment	(3)	360
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(363)	(2,266)
Unrealised foreign exchange gain/(loss)	46	110
Gain/(loss) on derivatives	(14)	10
Exceptional items	-	-

Date: 24th October 2017