



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Third Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2016 RM'000	Preceding Year Corresponding Quarter 30/11/2015 RM'000	Current Year To Date 30/11/2016 RM'000	Preceding Year Corresponding Period 30/11/2015 RM'000
Revenue	99,080	144,010	326,832	404,054
Operating Expenses	(92,837)	(129,655)	(304,156)	(362,744)
Other Operating Income	3,809	2,451	7,304	7,236
Profit from Operations	10,052	16,806	29,980	48,546
Finance Cost	(1,784)	(2,086)	(5,201)	(6,604)
Share of (loss)/profit in associate company	(337)	(27)	65	(123)
Share of (loss)/profit in joint venture company	(1)	(77)	(8)	100
Profit before taxation	7,930	14,616	24,836	41,919
Taxation	(1,818)	(3,520)	(5,676)	(11,271)
Profit for the period	6,112	11,096	19,160	30,648
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	1,617	3,036	(5,382)	13,918
Realisation of revaluation reserve upon depreciation of revalued asset	(10)	17	97	61
Transfer of revaluation reserve to unappropriated profit	10	(17)	(97)	(61)
Fair value gain/(loss) on cash flow hedge	666	38	87	(7)
Total comprehensive income for the period	8,395	14,170	13,865	44,559
Profit/(loss) for the period attributable to:				
Owners of the Company	6,385	11,096	19,610	30,648
Non-controlling interest	(273)	-	(450)	-
	6,112	11,096	19,160	30,648
Total comprehensive income for the period attributable to:				
Owners of the Company	8,668	14,170	14,315	44,559
Non-controlling interest	(273)	-	(450)	-
	8,395	14,170	13,865	44,559
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	1.04	1.82	3.20	5.04
(b) Diluted earnings per RM0.20 share (sen)	1.04	1.82	3.20	5.04

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial reports.

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2016**

	30/11/2016	29/02/2016
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	200,984	199,755
Prepaid Land Lease Payments	33,865	26,844
Investment Properties	6,500	6,500
Investment In An Associate Company	2,299	2,234
Investment In A Joint Venture Company	810	797
Capital Work-in-progress	21,957	10,260
Derivatives Financial Instruments	2,503	-
Goodwill on Acquisition	1,282	1,282
Deferred Tax Assets	754	1,413
	<u>270,954</u>	<u>249,085</u>
Current Assets		
Inventories	242,430	253,368
Trade and Other Receivables	110,788	119,582
Amount Due from An Associate Company	10,148	17,323
Derivatives Financial Instruments	951	3,998
Fixed Deposits with Licensed Banks	2,401	2,352
Cash and Bank Balances	85,672	74,599
	<u>452,390</u>	<u>471,222</u>
TOTAL ASSETS	<u>723,344</u>	<u>720,307</u>
EQUITY AND LIABILITIES		
Share Capital	123,294	123,294
Share Premium	80,634	80,634
Treasury Shares	(507)	(2,949)
Revaluation Reserve	12,658	12,755
Warrants Reserve	7,482	7,482
Other Reserves	12,145	17,440
Unappropriated Profit	277,476	270,641
Equity attributable to owners of the Parent	<u>513,182</u>	<u>509,297</u>
Non-Controlling Interest	9,323	(27)
Total Equity	<u>522,505</u>	<u>509,270</u>
Non-Current Liabilities		
Long Term Borrowings	47,213	40,317
Other Payables	270	263
Deferred Tax Liabilities	5,823	5,892
	<u>53,306</u>	<u>46,472</u>
Current Liabilities		
Trade and Other Payables	47,405	38,101
Overdraft and Short Term Borrowings	96,369	119,348
Amount Due to A Joint Venture Company	-	802
Amount Due to An Associate Company	279	253
Derivative Financial Instruments	110	727
Tax Payable	292	2,275
Dividend Payable	3,078	3,059
	<u>147,533</u>	<u>164,565</u>
Total Liabilities	<u>200,839</u>	<u>211,037</u>
TOTAL EQUITY AND LIABILITIES	<u>723,344</u>	<u>720,307</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.83	0.83

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 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 30 NOVEMBER 2016**

	GROUP 30/11/2016 RM'000	GROUP 30/11/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,836	41,919
Adjustments for:		
Allowance for impairment of receivables	392	1,727
Allowance for impairment of receivables no longer required	(2,669)	-
Allowance for slow moving inventories	512	911
Allowance for slow moving inventories no longer required	(648)	-
Amortisation of prepaid land lease payments	421	242
Depreciation of property, plant and equipment	10,403	10,865
Interest expense	4,261	5,682
Bad debts written off	-	13
Interest income	(722)	(264)
Gain on disposal of property, plant and equipment	(945)	(38)
Loss on fair value of derivatives financial instruments	14	7
Unrealised exchange gain on foreign exchange	(330)	(4,006)
Other non-cash items	(53)	30
Operating profit before changes in working capital	35,472	57,088
Changes in working capital:-		
Inventories	11,073	24,068
Receivables	14,301	746
Payables	9,643	(13,159)
Associate company	7,200	(14,490)
Joint Venture Company	(802)	(4)
Cash generated from operations	76,887	54,249
Tax paid (net)	(10,255)	(10,604)
Net cash generated from operating activities	66,632	43,645
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	718	264
Purchase of property, plant and equipment	(2,578)	(8,148)
Proceeds from disposal of property, plant and equipment	2,298	76
Capital work-in-progress incurred	(22,271)	(8,236)
Proceed from non-controlling interests	2,588	-
Purchase of prepaid land lease payment	(231)	-
Net cash used in investing activities	(19,476)	(16,044)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,185)	(9,712)
Proceeds from issuance of share capital	-	968
Purchase of treasury shares	(1,226)	(1,228)
Interest paid	(4,464)	(5,859)
Repayment of short-term borrowings	(18,136)	(16,756)
Drawdown of borrowings	19,448	-
Repayment of borrowings	(18,524)	(18,093)
Net cash used in financing activities	(32,087)	(50,680)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,069	(23,079)
EFFECT OF EXCHANGE RATE CHANGES	(3,947)	14,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	76,951	57,676
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	88,073	48,748

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial reports.



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2016

	Attributable to Owners of the Company											Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable					Distributable								
	Share Capital RM'000	Share Application Money RM'000	Share Premium RM'000	Treasury Shares RM'000	ICULS- Equity component 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			
Balance as at 1 March 2015	120,597	7	74,744	(4,139)	4,821	7,482	3,904	94	7,237	1,304	251,355	467,406	-	467,406
Transactions with owners:														
Issuance of shares pursuant to exercise of ESOS	291	(7)	1,077	-	-	-	-	(94)	-	-	(299)	968	-	968
Issuance of shares pursuant to conversion of ICULS	2,406	-	4,813	-	(4,821)	-	-	-	-	-	(1,657)	741	-	741
Acquisition of treasury shares	-	-	-	(1,228)	-	-	-	-	-	-	-	(1,228)	-	(1,228)
Final dividend paid to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,048)	(3,048)	-	(3,048)
Final share dividend distributed to Shareholders	-	-	-	3,984	-	-	-	-	-	-	(3,984)	-	-	-
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,075)	(3,075)	-	(3,075)
Second interim dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,689)	(3,689)	-	(3,689)
Total transactions with owners	2,697	(7)	5,890	2,756	(4,821)	-	-	(94)	-	-	(15,752)	(9,331)	-	(9,331)
Profit for the period	-	-	-	-	-	-	-	-	-	-	30,648	30,648	-	30,648
Other comprehensive income for the period	-	-	-	-	-	-	(61)	-	13,918	(7)	61	13,911	-	13,911
Total comprehensive income for the period	-	-	-	-	-	-	(61)	-	13,918	(7)	30,709	44,559	-	44,559
Balance as at 30 November 2015	123,294	-	80,634	(1,383)	-	7,482	3,843	-	21,155	1,297	266,312	502,634	-	502,634

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 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 29 February 2016. 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 29 February 2016.

A2 Summary of Significant Accounting Policies

(a) Adoption of New and 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 29 February 2016, 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 2016.

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations
- Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets : Clarification of acceptable methods of depreciation and amortization
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture - Bearer Plants



INTERIM FINANCIAL REPORT

A2 Summary of Significant Accounting Policies (continued)

(a) Adoption of New and Amendments to MFRSs (continued)

- Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 – 2015 Cycle, including the amendments to:
 - MFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
 - MFRS 7 Financial Instruments - Disclosures: Servicing contracts
 - MFRS 7 Financial Instruments - Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
 - MFRS 119 Employee Benefits: Discount rate – regional market issue
 - MFRS 134 Interim Financial Reporting: Disclosure of information “elsewhere in the interim financial report”

(b) Standards Issued But Not Yet Effective

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

Amendments to MFRS effective 1 January 2017:

- Amendments to MFRS 107 – Disclosure Initiative
- Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses

MFRS and Amendments to MFRSs effective 1 January 2018:

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)
- MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS effective 1 January 2019:

- MFRS 16 Leases



INTERIM FINANCIAL REPORT

A2 Summary of Significant Accounting Policies (continued)

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

Amendments to MFRS (deferred effective date to be announced by the MASB):

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

MFRS 5, 14 and 141 are not applicable to the Group's operations.

MFRS 5, 10, 11, 12, 14, 116, 119, 127, 128, 134, 138 and 141 are not applicable to the Company's operations.

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 9, MFRS 15 and MFRS 16. The Group is currently assessing the impact of 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 29 February 2016 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 Unusual Items due to Their Nature, Size or Incidence

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

A6 Material Changes in Estimates

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



INTERIM FINANCIAL REPORT

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 2,169,300 ordinary share or 0.35% 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 67A of the Companies Act, 1965.

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 615,629,556 ordinary shares of RM0.20 each.



INTERIM FINANCIAL REPORT

A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
First interim dividend in respect of financial year ended 28 February 2017, paid on 19 October 2016 Single tier dividend of 0.50 sen per ordinary share of RM0.20 each	3,078	-
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 of RM0.20 each ii) Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares of RM0.20 each	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 of RM0.20 each	3,059	-
First interim dividend in respect of financial year ended 29 February 2016, paid on 22 October 2015 Single tier dividend of 0.50 sen per ordinary share of RM0.20 each	-	3,075
Final dividend in respect of financial year ended 28 February 2015, paid on 18 September 2015 i) Single tier dividend of 0.50 sen per ordinary share of RM0.20 each ii) Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares of RM0.20 each	- -	3,048 3,984
Third interim dividend in respect of financial year ended 28 February 2015, paid on 16 April 2015 Single tier dividend of 0.60 sen per ordinary share of RM0.20 each	-	3,589
	12,853	13,696



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.

	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 30 November 2016					
Revenue					
External Revenue	203,266	123,566	-	-	326,832
Intersegment revenue	23,584	24,544	18,101	(66,229)	-
Total revenue	226,850	148,110	18,101	(66,229)	326,832
Segment Profit	17,630	12,661	15,474	(16,507)	29,258
Interest income					722
Finance costs					(5,201)
Share of loss of joint venture					(8)
Share of profit of associate					65
Profit before tax					24,836

	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 30 November 2015					
Revenue					
External Revenue	252,679	151,375	-	-	404,054
Intersegment revenue	26,558	21,184	9,026	(56,768)	-
Total revenue	279,237	172,559	9,026	(56,768)	404,054
Segment Profit	28,482	21,044	6,955	(8,199)	48,282
Interest income					264
Finance costs					(6,604)
Share of profit of joint venture					100
Share of loss of associate					(123)
Profit before tax					41,919

* PVF: Represents pipes, valves and fittings.



INTERIM FINANCIAL REPORT

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	349,502	419,228
Generated by overseas operation	43,559	41,594
	393,061	460,822
Inter-segments elimination	(66,229)	(56,768)
	326,832	404,054

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 29 February 2016.

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:-

	30 November 2016 RM'000
Corporate guarantees	<u>775,327</u> *

* Represents the total limit of Pantech's corporate guarantee



INTERIM FINANCIAL REPORT

A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2016 are as follows:

30 November 2016

RM'000

Approved and contracted for

9,981



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 9 months to	
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
	RM'000	RM'000	RM'000	RM'000
Trading	59,110	95,482	203,266	252,679
Manufacturing	39,970	48,528	123,566	151,375
Investment and Management	-	-	-	-
Consolidated Total	99,080	144,010	326,832	404,054

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 9 months to	
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
	RM'000	RM'000	RM'000	RM'000
Trading	4,174	9,451	15,523	23,889
Manufacturing	4,786	6,242	12,508	20,694
Investment and Management	(1,030)	(1,077)	(3,195)	(2,664)
Consolidated Total	7,930	14,616	24,836	41,919

Trading Division

For the current quarter ended 30 November 2016, the trading division recorded a lower external revenue of RM59.11 million (Q3FY16: RM95.48 million) and lower segment profit before tax of RM4.17 million (Q3FY16: RM9.45 million), a decrease of approximately RM36.37 million (38.09%) and RM5.28 million (55.84%) respectively.

For the 9 months ended 30 November 2016, the trading division recorded a lower external revenue of RM203.27 million (9 months FY16: RM252.68 million) and a lower segment profit before tax of RM15.52 million (9 months FY16: RM23.89 million), a decrease of approximately RM49.41 million (19.56%) and RM8.37 million (35.02%).

The lower revenue and segment profit before tax for the current quarter and the 9 months ended 30 November 2016 was mainly due to the lower sales demand and delivery in the local oil and gas sector, while competitive pricing has caused the lower profit margin.



INTERIM FINANCIAL REPORT

B1 Review of Performance (continued)

Manufacturing Division

For the current quarter ended 30 November 2016, the manufacturing division recorded a lower external revenue of RM39.97 million (Q3FY16: RM48.53 million) and a lower segment profit before tax of RM4.79 million (Q3FY16: RM6.24 million), a decrease of approximately RM8.56 million (17.64%) and RM1.46 million (23.33%) respectively.

For the 9 months ended 30 November 2016, the manufacturing division recorded a lower external revenue of RM123.57 million (9 months FY16: RM151.38 million) and a lower segment profit before tax of RM12.51 million (9 months FY16: RM20.69 million), a decrease of approximately RM27.81 million (18.37%) and RM8.19 million (39.56%) respectively.

The lower revenue and segment profit before tax for the current quarter and the 9 months ended 30 November 2016 was mainly due to decrease in manufacturing division output caused by the decrease in global sales demand from oil and gas sector as well as competitive pricing in the international market.

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 30 November 2016, the Group registered a lower revenue of RM99.08 million (Q3FY16: RM144.01 million) and lower profit before tax of RM7.93 million (Q3FY16: RM14.62 million).

For the 9 months ended 30 November 2016, the Group registered a lower revenue of RM326.83 million (9 months FY16: RM404.05 million) and lower profit before tax of RM24.84 million (9 months FY16: RM41.92 million).

The weaker performance of the group for the current quarter and the 9 months ended 30 November 2016 was mainly due to the global and local demand from oil and gas sector remain weak as well as the competitive pricing.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a lower revenue of RM99.08 million compared to the preceding quarter of RM103.81 million, but a higher profit after taxation of RM6.11 million compared to preceding quarter of RM5.03 million. The lower revenue reported was mainly due to weaker sales in trading division whereas the higher profit after taxation was due to better contribution from one of the manufacturing division company.



INTERIM FINANCIAL REPORT

B3 Prospects

With the continuous development of RAPID projects and associated facilities in southern Johor, the Group is aware of the short term challenges in the oil and gas industries but is of the view that the long term outlook of the Group continues to be positive.

At beginning of year 2016, the oil price was below USD30 per barrel. With current oil price trending above USD50 per barrel, there has been increased activities in this sector. Should this trend continue, the Group expects its overall performance for the coming quarter to be positive.

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 30-Nov-16 RM'000	Preceding Year Corresponding Quarter 30-Nov-15 RM'000	Current Year To Date 30-Nov-16 RM'000	Preceding Year Corresponding Period 30-Nov-15 RM'000
Current taxation	1,632	3,638	5,010	11,255
Under/(over) provision of taxation in prior year	64	(191)	37	(191)
Transferred from deferred tax assets	137	-	675	-
Transferred to deferred tax liabilities	-	94	-	270
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	(21)	(46)	(63)
	1,818	3,520	5,676	11,271



INTERIM FINANCIAL REPORT

B5 Taxation (continued)

Tax expense for the current quarter and financial year-to-date ended 30 November 2016 is derived based on the 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, mainly due to utilization of the tax incentive by one of the subsidiary.

B6 Status of Corporate Proposals

On 7 October 2016, on behalf of the Board of Directors of Pantech Group Holdings Berhad ("Pantech" or "Company"), Kenanga Investment Bank Berhad ("Kenanga IB") announced that the Company proposes to undertake the following:

- i) a proposed bonus issue of up to 138,089,185 new ordinary shares of RM0.20 each in Pantech ("Bonus Shares") on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of RM0.20 each in Pantech ("Pantech Shares" or "Shares") held on 21 December 2016 ("Entitlement Date") ("Bonus Issue of Shares");
- ii) a proposed bonus issue of up to 69,044,592 free warrants in Pantech ("Warrants B") on the basis of one (1) Warrant B for every ten (10) existing Pantech Shares held on the Entitlement Date ("Bonus Issue of Warrants"); and
- iii) a proposed establishment of an employees' share option scheme ("ESOS") of up to 10% of the issued and paid up share capital of Pantech (excluding treasury shares) at any point in time, for the eligible Directors and employees of Pantech and its subsidiaries.

(Collectively referred to as the "Proposals")

On 2 December 2016, the shareholders of Pantech had at the Extraordinary General Meeting held on the same day, approved all the resolutions set out in the Notice of EGM dated 17 November 2016.

On 21 December 2016, 123,124,376 new ordinary shares of RM0.20 each in Pantech have been issued pursuant to the Bonus Issue of Shares. In addition, a total of 14,963,269 additional Warrants A arising from the adjustments made in relation to the Bonus Issue of Shares have been issued and the exercise price of the outstanding Warrants A will be revised from RM0.60 to RM0.50.

On 29 December 2016, the Bonus Issue of Warrants has been completed following the listing of and quotation for 61,561,667 Warrants B on the Main Market of Bursa Malaysia Securities Berhad.

The above Proposals have been completed with the exception of the ESOS.



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	14,482	44,423
- Hire purchase	2,665	2,790
- Bankers' acceptances, trust receipts and other short term loan	63,535	-
- Onshore foreign currency loan	15,687	-
	<u>96,369</u>	<u>47,213</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	3,467	15,030
SGD Dollar	37	114
GBP Pound	122	657
	<u>3,626</u>	<u>15,801</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.

B9 Dividends

The Board of Directors has approved and declared a third interim single tier dividend of 0.30 sen per ordinary shares of RM0.20 each in respect of the financial year ending 28 February 2017 (Previous year corresponding period: 0.50 sen). The third interim dividend will be paid on 12 April 2017 to shareholders whose names appear on the Company's Record of Depositors on 31 March 2017.

The total dividend per share for the current financial year is 1.30 sen single tier dividend per ordinary share of RM0.20 each (Preceding year corresponding period: 1.60 sen).



INTERIM FINANCIAL REPORT

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
	30-Nov-16 RM'000	30-Nov-15 RM'000	30-Nov-16 RM'000	30-Nov-15 RM'000
Net profit attributable to owners of the Company	6,385	11,096	19,610	30,648
Weighted average number of ordinary share in issue ('000)	612,790	608,132	612,790	608,132
Basic earnings per RM0.20 share (sen)	1.04	1.82	3.20	5.04

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. Diluted earnings per share is the same as basic earnings per share for the current period as there is no potential dilutive effect of ordinary shares that would be issued upon exercise of warrants.



INTERIM FINANCIAL REPORT

B11 Share Buy Back

As at end of current quarter, a total of 841,924 ordinary shares of RM0.20 each were retained as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. The average price paid for the shares purchased was RM0.60 per share.

B12 Realized and Unrealized Profits / (Losses) Disclosure

	As at 30-Nov-16	As at 29-Feb-16
	RM'000	RM'000
Total unappropriated profits of Pantech and its subsidiaries:		
- Realized	359,741	350,964
- Unrealized	4,690	6,929
	364,431	357,893
Total share of unappropriated profits from associate company:		
- Realized	1,825	1,946
- Unrealized	54	(1)
	1,879	1,945
Total share of unappropriated profits from jointly controlled entity:		
- Realized	843	661
- Unrealized	-	(25)
	843	636
	367,153	360,474
Less: consolidation adjustments	(89,677)	(89,833)
Total Group unappropriated profits	277,476	270,641



INTERIM FINANCIAL REPORT

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 30-Nov-16 RM'000	Financial Year Ended 30-Nov-16 RM'000
Interest income	287	722
Other income including investment income	234	553
Interest expense	(1,447)	(4,261)
Depreciation and amortization	(3,639)	(10,824)
Allowance for impairment and write off of receivables	1,043	2,277
Allowance for slow moving and write off of inventories	228	136
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	854	945
Fair value gain/(loss) on investment properties	-	-
Realised foreign exchange gain/(loss)	1,876	(404)
Unrealised foreign exchange gain/(loss)	(32)	330
Loss/(gain) on derivatives	(5)	(14)
Exceptional items	-	-

Date: 12th January 2017