



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	Fourth Quarter		Cumulative Quarter	
	Current Year Quarter 28/02/2018 RM'000	Preceding Year Corresponding Quarter 28/02/2017 RM'000	Current Year To Date 28/02/2018 RM'000	Preceding Year Corresponding Period 28/02/2017 RM'000
Revenue	149,466	152,517	614,682	479,349
Operating Expenses	(134,565)	(138,283)	(553,223)	(442,439)
Other Operating Income	1,476	1,829	6,182	9,133
Profit from Operations	16,377	16,063	67,641	46,043
Finance Cost	(2,239)	(1,777)	(9,401)	(6,978)
Share of (loss)/profit in associate company	(33)	(24)	(209)	41
Share of loss in joint venture company	-	(3)	-	(11)
Profit before taxation	14,105	14,259	58,031	39,095
Taxation	(2,902)	(5,011)	(12,509)	(10,687)
Profit for the period	11,203	9,248	45,522	28,408
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	(708)	1,242	(464)	(4,140)
Realisation of revaluation reserve upon depreciation of revalued asset	223	23	375	120
Transfer of revaluation reserve to unappropriated profit	(223)	(23)	(375)	(120)
Fair value (loss)/gain on cash flow hedge	(934)	1,172	(3,376)	1,259
Total comprehensive income for the period	9,561	11,662	41,682	25,527
Profit/(loss) for the period attributable to:				
Owners of the Company	11,203	10,108	46,969	29,718
Non-controlling interest	-	(860)	(1,447)	(1,310)
	11,203	9,248	45,522	28,408
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	9,561	12,522	43,129	26,837
Non-controlling interest	-	(860)	(1,447)	(1,310)
	9,561	11,662	41,682	25,527
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.51	1.37	6.33	4.03
(b) Diluted earnings per ordinary share (sen)	1.44	1.29	6.05	3.79

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018

	28/02/2018 Unaudited	28/02/2017 Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	221,373	199,913
Prepaid Land Lease Payments	33,134	33,716
Capital Work-in-progress	3,815	28,566
Investment Properties	6,600	6,600
Investment In An Associate Company	2,066	2,275
Derivatives Financial Instruments	625	3,276
Goodwill on Acquisition	1,214	1,214
Deferred Tax Assets	1,893	927
	<u>270,720</u>	<u>276,487</u>
Current Assets		
Inventories	276,094	262,426
Trade and Other Receivables	166,488	148,426
Amount Due from An Associate Company	6,658	11,043
Derivatives Financial Instruments	627	1,344
Fixed Deposits with Licensed Banks	2,477	2,436
Cash and Bank Balances	67,746	89,156
	<u>520,090</u>	<u>514,831</u>
TOTAL ASSETS	<u>790,810</u>	<u>791,318</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	207,544	203,928
Treasury Shares	(811)	(553)
Revaluation Reserve	12,259	12,634
Warrants Reserve	14,749	14,869
Other Reserves	12,799	15,518
Unappropriated Profit	306,786	278,004
Equity attributable to owners of the Parent	<u>553,326</u>	<u>524,400</u>
Non-Controlling Interest	-	8,463
Total Equity	<u>553,326</u>	<u>532,863</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	41,222	46,938
Other Payables	260	278
Derivative Financial Instruments	55	-
Deferred Tax Liabilities	5,254	5,609
	<u>46,791</u>	<u>52,825</u>
Current Liabilities		
Trade and Other Payables	46,864	83,604
Overdraft and Short Term Borrowings	135,353	116,951
Amount Due to An Associate Company	216	259
Derivative Financial Instruments	48	99
Tax Payable	4,489	2,501
Dividend Payable	3,723	2,216
	<u>190,693</u>	<u>205,630</u>
Total Liabilities	<u>237,484</u>	<u>258,455</u>
TOTAL EQUITY AND LIABILITIES	<u>790,810</u>	<u>791,318</u>
NET ASSETS PER SHARE (RM)	0.74	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 28 FEBRUARY 2018

	GROUP 28/02/2018 RM'000	GROUP 28/02/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	58,031	39,095
Adjustments for:		
Allowance for impairment of receivables (net)	2,143	89
Allowance for slow moving inventories (net)	1,409	512
Amortisation of prepaid land lease payments	582	571
Depreciation of property, plant and equipment	16,406	13,850
Interest expense	8,109	5,892
Bad debts written off	368	41
Interest income	(1,018)	(1,011)
Gain on disposal of investment in a joint venture company	-	(56)
Gain on disposal of property, plant and equipment	(463)	(961)
Fair value gain adjustment on investment properties	-	(100)
Unrealised exchange loss/(gain) on foreign exchange	332	(238)
Other non-cash items	1,998	934
Operating profit before changes in working capital	87,897	58,618
Changes in working capital:-		
Inventories	(15,077)	(9,571)
Receivables	(19,487)	(28,487)
Payables	(37,448)	45,130
Associate company	4,343	6,260
Joint Venture Company	-	(802)
Cash generated from operations	20,228	71,148
Tax paid (net)	(12,444)	(10,510)
Net cash generated from operating activities	7,784	60,638
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in subsidiary from non-controlling interest	(7,016)	-
Interest received	1,015	1,011
Purchase of property, plant and equipment	(5,265)	(4,299)
Proceeds from disposal of property, plant and equipment	1,956	2,596
Proceeds from disposal of investment in a joint venture company	-	851
Capital work-in-progress incurred	(3,764)	(28,650)
Net cash used in investing activities	(13,074)	(28,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(17,055)	(12,263)
Proceeds from issuance of share capital	2,918	-
Proceed from non-controlling interests	-	2,588
Purchase of treasury shares	(258)	(1,273)
Government grant received	83	23
Interest paid	(8,373)	(5,846)
Proceeds from/(repayment of) short-term borrowings	21,746	(2,227)
Drawdown of borrowings	4,469	28,732
Repayment of borrowings	(19,499)	(24,595)
Net cash used in financing activities	(15,969)	(14,861)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,259)	17,286
EFFECT OF EXCHANGE RATE CHANGES	(110)	(2,645)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	91,592	76,951
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	70,223	91,592

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Attributable to Owners of the Company							Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000					
Balance as at 1 March 2016	123,294	80,634	(2,948)	7,482	12,754	-	14,178	3,261	270,641	509,296	(27)	509,269
Transactions with owners:												
Issuance of shares pursuant to Bonus Issue	24,625	(24,625)	-	-	-	-	-	-	-	-	-	-
Issuance of warrants pursuant to Bonus Issue	-	-	-	7,387	-	-	-	-	(7,387)	-	-	-
Increase share capital in subsidiary	-	-	-	-	-	-	-	-	-	-	9,800	9,800
Acquisition of treasury shares	-	-	(1,273)	-	-	-	-	-	-	(1,273)	-	(1,273)
Share options granted under ESOS	-	-	-	-	-	960	-	-	-	960	-	960
Final dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,048)	(3,048)	-	(3,048)
Final share dividend distributed to Shareholders	-	-	3,668	-	-	-	-	-	(3,668)	-	-	-
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,078)	(3,078)	-	(3,078)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,078)	(3,078)	-	(3,078)
Third interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	(2,216)	(2,216)	-	(2,216)
Total transactions with owners	24,625	(24,625)	2,395	7,387	-	960	-	-	(22,475)	(11,733)	9,800	(1,933)
Profit for the period	-	-	-	-	-	-	-	-	29,718	29,718	(1,310)	28,408
Other comprehensive income for the period	-	-	-	-	(120)	-	(4,140)	1,259	120	(2,881)	-	(2,881)
Total comprehensive income for the period	-	-	-	-	(120)	-	(4,140)	1,259	29,838	26,837	(1,310)	25,527
Transfer pursuant to Section 618(2) of the Companies Act, 2016	56,009	(56,009)	-	-	-	-	-	-	-	-	-	-
Balance as at 28 February 2017	203,928	-	(553)	14,869	12,634	960	10,038	4,520	278,004	524,400	8,463	532,863



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2018 (continued)

	← Attributable to Owners of the Company →						← Non-Distributable → Distributable				Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	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					
Balance as at 1 March 2017	203,928	(553)	14,869	12,634	960	10,038	4,520	278,004	524,400	8,463	532,863		
Transactions with owners:													
Issuance of shares pursuant to exercise of ESOS	2,944	-	-	-	(578)	-	-	-	2,366	-	2,366		
Issuance of shares pursuant to exercise of Warrants	672	-	(120)	-	-	-	-	-	552	-	552		
Acquisition of treasury shares	-	(258)	-	-	-	-	-	-	(258)	-	(258)		
Share options granted under ESOS	-	-	-	-	1,699	-	-	-	1,699	-	1,699		
Acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	-	(7,016)	(7,016)		
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,706)	(3,706)	-	(3,706)		
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(7,417)	(7,417)	-	(7,417)		
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,716)	(3,716)	-	(3,716)		
Third interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,723)	(3,723)	-	(3,723)		
Total transactions with owners	3,616	(258)	(120)	-	1,121	-	-	(18,562)	(14,203)	(7,016)	(21,219)		
Profit for the period	-	-	-	-	-	-	-	46,969	46,969	(1,447)	45,522		
Other comprehensive income for the period	-	-	-	(375)	-	(464)	(3,376)	375	(3,840)	-	(3,840)		
Total comprehensive income for the period	-	-	-	(375)	-	(464)	(3,376)	47,344	43,129	(1,447)	41,682		
Balance as at 28 February 2018	207,544	(811)	14,749	12,259	2,081	9,574	1,144	306,786	553,326	-	553,326		



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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



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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):

- MFRS 9 Financial Instruments
- 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
- Amendments to MFRS 9 Financial Instruments – Prepayment features with negative compensation
- Amendments to MFRS 128 Instruments in Associates and Joint Ventures – Long-term interests in Associates and Joint Ventures

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.



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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.

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 745,002,800 ordinary shares.

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

During the current financial year-to-date under review, 5,694,000 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 330,088 units of Warrants A and 774,180 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
Second interim dividend in respect of financial year ended 28 February 2018, paid on 19 January 2018 Single Tier Dividend of 0.50 sen per ordinary share	3,716	-
First interim dividend in respect of financial year ended 28 February 2018, paid on 24 October 2017 Single tier dividend of 0.50 sen per ordinary share and special single tier dividend of 0.50 sen per ordinary share	7,417	-
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	-
Second interim dividend in respect of financial year ended 28 February 2017, paid on 27 December 2016 Single tier dividend of 0.50 sen per ordinary share		3,078
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		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 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
	17,055	15,931



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A9 Segment Information

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

	Trading of PVF products RM'000	Manufacturing of pipes and pipe fittings, galvanising RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 28 February 2018					
Revenue					
External Revenue	347,962	266,720	-	-	614,682
Intersegment revenue	34,447	50,486	30,772	(115,705)	-
Total revenue	382,409	317,206	30,772	(115,705)	614,682
Segment Profit	44,327	24,203	26,007	(27,914)	66,623
Interest income					1,018
Finance costs					(9,401)
Share of loss in associate					(209)
Profit before tax					58,031
Period Ended 28 February 2017					
Revenue					
External Revenue	310,054	169,295	-	-	479,349
Intersegment revenue	27,905	34,469	24,391	(86,765)	-
Total revenue	337,959	203,764	24,391	(86,765)	479,349
Segment Profit	33,218	14,527	19,980	(22,693)	45,032
Interest income					1,011
Finance costs					(6,978)
Share of loss in joint venture					(11)
Share of profit in associate					41
Profit before tax					39,095

* PVF: Represents pipes, valves and fittings.



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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	681,848	511,284
Generated by overseas operation	48,539	54,830
	730,387	566,114
Inter-segments elimination	(115,705)	(86,765)
	614,682	479,349

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 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:-

	28 Feb 2018
	RM'000
Corporate guarantees	<u>730,310</u> *

* Represents the total limit of Pantech's corporate guarantee



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A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 28 Feb 2018 are as follows:

	28 Feb 2018
	RM'000
Approved and contracted for	<u>1,525</u>



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

B1 Review of Performance

	Revenue		Revenue	
	Current Quarter		12 months to	
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	85,696	106,788	347,962	310,054
Manufacturing	63,770	45,729	266,720	169,295
Investment and Management	-	-	-	-
Consolidated Total	149,466	152,517	614,682	479,349

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		12 months to	
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	9,208	14,517	41,117	30,040
Manufacturing	6,145	1,667	22,051	14,175
Investment and Management	(1,248)	(1,925)	(5,137)	(5,120)
Consolidated Total	14,105	14,259	58,031	39,095

Trading Division

For the current quarter ended 28 February 2018, the trading division recorded lower external revenue of RM85.70 million (Q4FY17: RM106.79 million) and lower segment profit before tax of RM9.21 million (Q4FY17: RM14.52 million), a decrease of approximately RM21.09 million (19.75%) and RM5.31 million (36.57%) respectively.

The lower revenue and segment profit before tax for the current quarter was mainly due to the lower sales demand in the local oil and gas sector, including RAPID projects.

For the 12 months ended 28 February 2018, the trading division recorded higher external revenue of RM347.96 million (12 months FY17: RM310.05 million) and higher profit before tax of RM41.12 million (12 months FY17: RM30.04 million), an increase of approximately RM37.91 million (12.23%) and RM11.08 million (36.87%) respectively.



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B1 Review of Performance (continued)

Trading Division (continued)

The higher revenue for the 12 months ended 28 February 2018 was mainly due to the higher sales demand and delivery in downstream oil and gas projects, such as RAPID projects during the year. The higher sales contribution as well as the better product mix has also contributed to the higher segment profit before tax for the financial year.

Manufacturing Division

For the current quarter ended 28 February 2018, the manufacturing division recorded higher external revenue of RM63.77 million (Q4FY17: RM45.73 million) and a higher segment profit before tax of RM6.15 million (Q4FY17: RM1.67 million), an increase of approximately RM18.04 million (39.45%) and RM4.48 million (268.26%) respectively.

For the 12 months ended 28 February 2018, the manufacturing division recorded higher external revenue of RM266.72 million (12 months FY17: RM169.30 million) and higher segment profit before tax of RM22.05 million (12 months FY17: RM14.18 million), an increase of approximately RM97.42 million (57.54%) and RM7.87 million (55.50%) respectively.

The higher revenue and profit before tax for the current quarter and the 12 months ended 28 February 2018 were mainly due to the higher sales contribution from local manufacturing plant arising from better overseas sales demand.

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 28 February 2018, the Group registered marginally lower revenue of RM149.47 million (Q4FY17: RM152.52 million) and comparable profit before tax of RM14.11 million (Q4FY17: RM14.26 million). The lower trading division performance is complemented by better manufacturing division performance and eventually provided a comparable group results.

For the 12 months ended 28 February 2018, the Group registered higher revenue of RM614.68 million (12 months FY17: RM479.35 million) and higher profit before tax of RM58.03 million (12 months FY17: RM39.10 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.



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B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group recorded a lower revenue of RM149.47 million compared to the preceding quarter of RM156.62 million, but a higher profit after taxation (“PAT”) of RM11.20 million compared to preceding quarter of RM10.05 million. The higher PAT for the current quarter was mainly due to better performance by manufacturing division.

B3 Prospects

As of last year, the oil price has surged and recovered. We have seen the increased activities in the upstream and downstream sector. The Group remain optimistic that this will continue for the coming year. 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 gradual recovery of oil and gas industries and the continuous development of RAPID projects and associated facilities in southern Johor, the Group is poised to meet the requirement from these projects.

Barring any unforeseen circumstances, the Group expects its overall performance for the next financial year to be better.

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.



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B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 28-Feb-18 RM'000	Preceding Year Corresponding Quarter 28-Feb-17 RM'000	Current Year To Date 28-Feb-18 RM'000	Preceding Year Corresponding Period 28-Feb-17 RM'000
Current taxation	3,748	5,571	13,792	10,580
Under / (over) provision of taxation in prior year	14	(160)	31	(123)
Transferred (to)/from deferred tax assets	(516)	(189)	(924)	486
Transferred from deferred tax liabilities	(329)	(195)	(329)	(195)
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	(16)	(61)	(61)
	<u>2,902</u>	<u>5,011</u>	<u>12,509</u>	<u>10,687</u>

Tax expense for the current quarter and financial year-to-date ended 28 February 2018 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 previous years' tax losses and tax incentives by certain subsidiary companies.

B6 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this interim financial 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:-

	Current RM'000	Non-current RM'000
<u>Unsecured:-</u>		
- Term loans	14,425	35,171
- Hire purchase	2,697	6,051
- Bankers' acceptances, trust receipts and other short term loan	100,912	-
- Onshore foreign currency loan	17,319	-
	<u>135,353</u>	<u>41,222</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	3,932	15,384
SGD Dollar	24	71
GBP Pound	355	1,935

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 is proposing for the shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 0.50 sen per ordinary shares. The details of the entitlement date for the dividend will be announced later.

The final dividend for the previous financial year ended 28 February 2017 was a single tier dividend of 0.50 sen per ordinary shares.



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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
	28-Feb-18 RM'000	28-Feb-17 RM'000	28-Feb-18 RM'000	28-Feb-17 RM'000
Net profit attributable to owners of the Company	11,203	10,108	46,969	29,718
Weighted average number of ordinary share in issue ('000)	741,539	736,598*	741,539	736,598*
Basic earnings per ordinary share (sen)	1.51	1.37	6.33	4.03

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)

a) Diluted Earnings per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 28-Feb-18 RM'000	Preceding Year Corresponding Quarter 28-Feb-17 RM'000	Current Year To Date 28-Feb-18 RM'000	Preceding Year Corresponding Period 28-Feb-17 RM'000
Net profit attributable to owners of the Company:	11,203	10,108	46,969	29,718
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	741,539	736,598*	741,539	736,598*
Adjustment for dilutive effect on exercise of Warrants ('000)	27,706	-	27,706	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	6,463	46,869	6,463	46,869
	775,708	783,467*	775,708	783,467*
Diluted earnings per ordinary share (sen)	1.44	1.29	6.05	3.79

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 Derivative Financial Instruments

	As at 28-Feb-18		
	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
Hedging derivatives:-			
Cash flow hedges			
- Cross Currency Swap	14,839	1,769	103
		RM'000	RM'000
<u>Analysed as:-</u>			
Within 1 year		627	48
More than 1 year but less than 5 years		625	55
		1,252	103

The Group held cross currency swap contracts designated as hedges of cash flow currency risk for certain borrowings. The terms of the cross currency swap contracts have been negotiated to match the terms of the borrowings.

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 28 February 2017:

- (a) the credit risk, market risk and liquidity risk associated with these financial derivatives;
- (b) the cash requirements of the financial derivatives;
- (c) the policy in place for mitigating or controlling the risks associated with these financial derivatives; and
- (d) the related accounting policies.

The cash flow hedges of the borrowings were assessed to be highly effective and a net unrealized loss of approximately RM3,376,000 relating to the hedging instruments are included in other comprehensive income. None was reclassified from equity to profit or loss during the current financial year.



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B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 28-Feb-18 RM'000	Financial Year Ended 28-Feb-18 RM'000
Interest income	191	1,018
Other income including investment income	389	1,382
Interest expense	(1,915)	(8,109)
Depreciation and amortization	(4,311)	(16,988)
Allowance for impairment and write off of receivables	(1,651)	(2,511)
Allowance for slow moving and write off of inventories	(108)	(1,409)
Gain/(loss) on disposal of property, plant and equipment	79	463
Realised foreign exchange gain/(loss)	(2,081)	(4,882)
Unrealised foreign exchange gain/(loss)	10	(332)
Gain/(loss) on derivatives	4	4

Date: 27th April 2018