



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 MAY 2018**

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/05/2018 RM'000	Preceding Year Corresponding Quarter 31/05/2017 RM'000	Current Year To Date 31/05/2018 RM'000	Preceding Year Corresponding Period 31/05/2017 RM'000
Revenue	178,385	151,496	178,385	151,496
Operating Expenses	(161,947)	(135,694)	(161,947)	(135,694)
Other Operating Income	4,540	3,652	4,540	3,652
Profit from Operations	20,978	19,454	20,978	19,454
Finance Cost	(2,258)	(2,301)	(2,258)	(2,301)
Share of loss in associate company	(57)	(111)	(57)	(111)
Profit before taxation	18,663	17,042	18,663	17,042
Taxation	(4,540)	(3,782)	(4,540)	(3,782)
Profit for the period	14,123	13,260	14,123	13,260
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	(1,207)	381	(1,207)	381
Realisation of revaluation reserve upon depreciation of revalued asset	50	51	50	51
Transfer of revaluation reserve to unappropriated profit	(50)	(51)	(50)	(51)
Fair value loss on cash flow hedge	(146)	(1,881)	(146)	(1,881)
Total comprehensive income for the period	12,770	11,760	12,770	11,760
Profit/(loss) for the period attributable to:				
Owners of the Company	14,123	13,963	14,123	13,963
Non-controlling interest	-	(703)	-	(703)
	14,123	13,260	14,123	13,260
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	12,770	12,463	12,770	12,463
Non-controlling interest	-	(703)	-	(703)
	12,770	11,760	12,770	11,760
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.90	1.89	1.90	1.89
(b) Diluted earnings per ordinary share (sen)	1.83	1.80	1.83	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 2018 and the accompanying explanatory notes attached to the interim financial reports.

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018**

	31/05/2018 Unaudited	28/02/2018 Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	218,340	221,404
Prepaid Land Lease Payments	32,988	33,134
Capital Work-in-progress	4,110	3,815
Investment Properties	6,600	6,600
Investment In An Associate Company	2,006	2,063
Derivatives Financial Instruments	133	625
Goodwill on Acquisition	1,198	1,198
Deferred Tax Assets	1,936	1,851
	<u>267,311</u>	<u>270,690</u>
Current Assets		
Inventories	271,800	276,094
Trade and Other Receivables	200,572	166,484
Amount Due from An Associate Company	7,182	6,658
Derivatives Financial Instruments	969	627
Fixed Deposits with Licensed Banks	2,493	2,477
Cash and Bank Balances	84,865	67,746
	<u>567,881</u>	<u>520,086</u>
TOTAL ASSETS	<u>835,192</u>	<u>790,776</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	207,989	207,544
Treasury Shares	(2,100)	(811)
Revaluation Reserve	12,283	12,333
Warrants Reserve	14,749	14,749
Other Reserves	11,597	12,770
Unappropriated Profit	321,042	306,869
Equity attributable to owners of the Parent	<u>565,560</u>	<u>553,454</u>
Non-Controlling Interest	-	-
Total Equity	<u>565,560</u>	<u>553,454</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	38,501	41,351
Other Payables	260	260
Derivative Financial Instruments	41	55
Deferred Tax Liabilities	5,160	5,157
	<u>43,962</u>	<u>46,823</u>
Current Liabilities		
Trade and Other Payables	59,408	46,802
Overdraft and Short Term Borrowings	160,958	135,220
Amount Due to An Associate Company	213	216
Derivative Financial Instruments	62	48
Tax Payable	5,029	4,490
Dividend Payable	-	3,723
	<u>225,670</u>	<u>190,499</u>
Total Liabilities	<u>269,632</u>	<u>237,322</u>
TOTAL EQUITY AND LIABILITIES	<u><u>835,192</u></u>	<u><u>790,776</u></u>
NET ASSETS PER SHARE (RM)	0.76	0.74

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 2018 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 MAY 2018

	GROUP 31/05/2018 RM'000	GROUP 31/05/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,663	17,042
Adjustments for:		
Allowance for/(reversal of) impairment of receivables (net)	307	(59)
Allowance for slow moving inventories (net)	294	11
Amortisation of prepaid land lease payments	146	146
Depreciation of property, plant and equipment	4,090	3,800
Interest expense	1,952	1,940
Interest income	(233)	(257)
Gain on disposal of property, plant and equipment	(67)	(363)
Unrealised exchange gain on foreign exchange	(2,020)	(64)
Other non-cash items	351	561
Operating profit before changes in working capital	23,483	22,757
Changes in working capital:-		
Inventories	4,000	(17,421)
Receivables	(35,075)	(13,351)
Payables	14,618	(22,434)
Associate company	(527)	3,661
Cash generated from/(used in) operations	6,499	(26,788)
Tax paid (net)	(3,404)	(865)
Net cash generated from/(used in) operating activities	3,095	(27,653)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	229	253
Purchase of property, plant and equipment	(1,243)	(1,876)
Proceeds from disposal of property, plant and equipment	67	379
Capital work-in-progress incurred	(296)	(406)
Net cash used in investing activities	(1,243)	(1,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,723)	(2,216)
Proceeds from issuance of share capital	359	323
Purchase of treasury shares	(1,289)	(257)
Interest paid	(1,932)	(2,046)
Proceeds from short-term borrowings	26,300	50,462
Drawdown of borrowings	-	2,135
Repayment of borrowings	(3,491)	(4,776)
Net cash generated from financing activities	16,224	43,625
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,076	14,322
EFFECT OF EXCHANGE RATE CHANGES	(941)	578
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	70,223	91,592
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	87,358	106,492

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 2018 and the accompanying explanatory notes attached to the interim financial reports.



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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 2018. 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 2018.

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 2018, 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 2018.

- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions
- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 140 Investment Property: Transfer of Investment Property

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 and MFRS 15. The Group is currently assessing the financial impact or potential effect of MFRS 2, MFRS 9 and MFRS 15.



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A2 Summary of Significant Accounting Policies (continued)

(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:

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

- MFRS 16 Leases
- Amendments to MFRS 9 – Prepayment Features with Negative Compensation
- Amendments to MFRS 119 – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128 – Long-term Interests in Associates and Joint Ventures
- Annual Improvements to MFRSs 2015 – 2017 Cycle
 - (a) Amendments to MFRS 3 – Business Combinations
 - (b) Amendments to MFRS 11 – Joint Arrangements
 - (c) Amendments to MFRS 112 – Income Taxes
 - (d) Amendments to MFRS 123 – Borrowing Costs
- IC Interpretation 23 – Uncertainty over Income Tax Treatment

MFRS and Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2 – Share Based Payment
- Amendments to MFRS 3 – Business Combinations
- Amendments to MFRS 14 – Regulatory Deferral Accounts
- Amendments to MFRS 101 – Presentation of Financial Statements
- Amendments to MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134 – Interim Financial Reporting
- Amendments to MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets

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

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 2018 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 2,318,000 ordinary share or 0.31% of its issued share capital from the open market at the average price paid of RM0.55 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 743,550,000 ordinary shares.

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

During the current financial year-to-date under review, 865,200 number of ordinary shares were issued under the Company's ESOS.

A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
Third interim dividend in respect of financial year ended 28 February 2018, paid on 20 April 2018 Single tier dividend of 0.50 sen per ordinary share	3,723	
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
	3,723	2,216



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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, galvanising, investments and management.

	Trading of PVF products RM'000	Manufacturing of pipes & pipe fittings, galvanising RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 May 2018					
Revenue					
External Revenue	103,148	75,237	-	-	178,385
Intersegment revenue	8,149	13,462	5,050	(26,661)	-
Total revenue	111,297	88,699	5,050	(26,661)	178,385
Segment Profit	14,113	6,926	4,172	(4,466)	20,745
Interest income					233
Finance costs					(2,258)
Share of loss in associate					(57)
Profit before tax					18,663
	Trading of PVF products RM'000	Manufacturing of pipes & pipe fittings, galvanising RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 May 2017					
Revenue					
External Revenue	93,234	58,262	-	-	151,496
Intersegment revenue	8,846	13,728	3,841	(26,415)	-
Total revenue	102,080	71,990	3,841	(26,415)	151,496
Segment Profit	13,570	6,089	2,669	(3,131)	19,197
Interest income					257
Finance costs					(2,301)
Share of loss in associate					(111)
Profit before tax					17,042

* 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	194,091	165,954
Generated by overseas operation	10,955	11,957
	205,046	177,911
Inter-segments elimination	(26,661)	(26,415)
	178,385	151,496

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 2018.

A11 Material Events Subsequent to the End of the Interim Period

There were no significant 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 save for the announcement made on even date on the preliminary affirmative determination in the anti-circumvention inquiry on the anti-dumping duty order on certain carbon steel butt-weld fittings from the people's republic of china.

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:-

	31 May 2018
	RM'000
Corporate guarantees	<u>732,878</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 31 May 2018 are as follows:

	31 May 2018
	RM'000
Approved and contracted for	<u>14,752</u>



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

B1 Review of Performance

Business Segment	Revenue		Revenue	
	Current Quarter		3 months to	
	31-May-18	31-May-17	31-May-18	31-May-17
	RM'000	RM'000	RM'000	RM'000
Trading	103,148	93,234	103,148	93,234
Manufacturing	75,237	58,262	75,237	58,262
Investment and Management	-	-	-	-
Consolidated Total	178,385	151,496	178,385	151,496

Business Segment	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		3 months to	
	31-May-18	31-May-17	31-May-18	31-May-17
	RM'000	RM'000	RM'000	RM'000
Trading	13,032	12,828	13,032	12,828
Manufacturing	6,580	5,498	6,580	5,498
Investment and Management	(949)	(1,284)	(949)	(1,284)
Consolidated Total	18,663	17,042	18,663	17,042

Trading Division

For the current quarter ended 31 May 2018, the trading division recorded higher external revenue of RM103.15 million (Q1FY18: RM93.23 million) and higher segment profit before tax of RM13.03 million (Q1FY18: RM12.83 million), an increase of approximately RM9.91 million (10.63%) and RM0.20 million (1.59%) respectively.

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

Manufacturing Division

For the current quarter ended 31 May 2018, the manufacturing division recorded higher external revenue of RM75.24 million (Q1FY18: RM58.26 million) and a higher segment profit before tax of RM6.58 million (Q1FY18: RM5.50 million), an increase of approximately RM16.98 million (29.14%) and RM1.08 million (19.68%) respectively.



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B1 Review of Performance (continued)

Manufacturing Division (continued)

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

Investment and Management Division

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

Group Performance

For the current quarter ended 31 May 2018, the Group registered a higher revenue of RM178.39 million (Q1FY18: RM151.50 million) and a higher profit before tax of RM18.66 million (Q1FY18: RM17.04 million), an increase of RM26.89 million (17.75%) and RM1.62 million (9.51%) respectively. The better Group performance was mainly due to the increase in sales demand from both trading and manufacturing division. The better performance has also translated to better profit after tax of RM14.12 million for the current quarter (Q1FY18: RM13.26 million).

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a higher revenue of RM178.39 million compared to the preceding quarter of RM149.56 million and a higher profit after taxation ("PAT") of RM14.12 million compared to preceding quarter of RM11.36 million. Higher sales and better product mix has contributed to the higher PAT margin.

B3 Prospects

The Group remains cautiously optimistic on the development in the oil and gas industries with the current oil price hovering around USD70/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 downstream industries.

The escalating trade tensions around the world is turning open trade into a protectionist one and this in turn, is posing major challenges to our export business. The preliminary affirmative anti-circumvention determination on a country-wide basis by the U.S. Department of Commerce for imports of carbon steel butt-weld fittings from Malaysia, has affected the Group's export of our own manufactured fittings to the United States. While the Group has already engaged a legal counsel to challenge the above decision, it is estimated that there could be a 20% reduction in revenue to the Group for the remaining months of this financial year.



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B3 Prospects (continued)

Notwithstanding the above, the increased activities in upstream oil and gas activities and the continuous development of RAPID projects and associated facilities in southern Johor which are expected to complete in 2019, the Group is poised to meet the requirements from these projects. The Group also sees better Southeast Asian demands for our products.

Barring further unforeseen circumstances, the Group expects its overall performance for the current financial year to remain profitable.

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-May-18 RM'000	Preceding Year Corresponding Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year Corresponding Period 31-May-17 RM'000
Current taxation	4,630	3,791	4,630	3,791
Over provision of taxation in prior year	(16)	(83)	(16)	(83)
Transferred (to)/from deferred tax assets	(59)	89	(59)	89
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	(15)	(15)	(15)
	<u>4,540</u>	<u>3,782</u>	<u>4,540</u>	<u>3,782</u>

Tax expense for the current quarter and financial year-to-date ended 31 May 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 approximate to the statutory rate.



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B6 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this quarterly 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	13,904	32,766
- Hire purchase	2,522	5,735
- Bankers' acceptances, trust receipts and other short term loan	123,617	-
- Onshore foreign currency loan	20,915	-
	<u>160,958</u>	<u>38,501</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	4,920	19,506
SGD Dollar	21	64
GBP Pound	264	1,409

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 does not recommend any dividend during the quarter under review (Preceding year corresponding period: first interim of 0.50 sen and special interim dividend of 0.50 sen).

The total dividend per share for the previous year corresponding period is 1.00 sen single tier dividend per ordinary share.



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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 31-May-18 RM'000	Preceding Year Corresponding Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year Corresponding Period 31-May-17 RM'000
Net profit attributable to owners of the Company	14,123	13,963	14,123	13,963
Weighted average number of ordinary share in issue ('000)	743,054	739,062	743,054	739,062
Basic earnings per ordinary share (sen)	1.90	1.89	1.90	1.89

b) Diluted Earnings per Share

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



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B10 Earnings per Share (continued)

b) Diluted Earnings per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-May-18 RM'000	Preceding Year Corresponding Quarter 31-May-17 RM'000	Current Year To Date 31-May-18 RM'000	Preceding Year Corresponding Period 31-May-17 RM'000
Net profit attributable to owners of the Company:	14,123	13,963	14,123	13,963
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	743,054	739,062	743,054	739,062
Adjustment for dilutive effect on exercise of Warrants ('000)	24,691	30,074	24,691	30,074
Adjustment for dilutive effect on exercise of ESOS options ('000)	5,468	8,402	5,468	8,402
	773,213	777,538	773,213	777,538
Diluted earnings per ordinary share (sen)	1.83	1.80	1.83	1.80

B11 Share Buy Back

As at end of current quarter, a total of 3,709,924 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 RM0.57 per share.



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B12 Derivative Financial Instruments

	As at 31-May-18		
	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
Hedging derivatives:-			
Cash flow hedges			
- Cross Currency Swap	8,484	1,102	103
		RM'000	RM'000
<u>Analysed as:-</u>			
Within 1 year		969	62
More than 1 year but less than 5 years		133	41
		1,102	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 2018:

- (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 RM146,000 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 31-May-18 RM'000	Financial Year Ended 31-May-18 RM'000
Interest income	233	233
Other income including investment income	609	609
Interest expense	(1,952)	(1,952)
Depreciation and amortization	(4,236)	(4,236)
Allowance for impairment and write off of receivables	(307)	(307)
Allowance for slow moving and write off of inventories	(294)	(294)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	67	67
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(567)	(567)
Unrealised foreign exchange gain/(loss)	2,020	2,020
Gain/(loss) on derivatives	4	4
Exceptional items	-	-

Date: 26th July 2018