



**PANTECH GROUP HOLDINGS BERHAD**

Company No. 200601013856 (733607-W)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MAY 2020**

|                                                                            | First Quarter                                   |                                                                    | Cumulative Quarter                              |                                                                   |
|----------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|
|                                                                            | Current Year<br>Quarter<br>31/05/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31/05/2019<br>RM'000 | Current Year<br>To Date<br>31/05/2020<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31/05/2019<br>RM'000 |
| <b>Revenue</b>                                                             | <b>80,663</b>                                   | 145,023                                                            | <b>80,663</b>                                   | 145,023                                                           |
| Operating Expenses                                                         | (83,857)                                        | (128,866)                                                          | (83,857)                                        | (128,866)                                                         |
| Other Operating Income                                                     | 524                                             | 1,170                                                              | 524                                             | 1,170                                                             |
| <b>(Loss) / Profit from Operations</b>                                     | <b>(2,670)</b>                                  | <b>17,327</b>                                                      | <b>(2,670)</b>                                  | <b>17,327</b>                                                     |
| Finance Cost                                                               | (1,969)                                         | (3,148)                                                            | (1,969)                                         | (3,148)                                                           |
| Share of profit in associate company                                       | 13                                              | 107                                                                | 13                                              | 107                                                               |
| <b>(Loss) / Profit before taxation</b>                                     | <b>(4,626)</b>                                  | <b>14,286</b>                                                      | <b>(4,626)</b>                                  | <b>14,286</b>                                                     |
| Taxation                                                                   | (925)                                           | (3,111)                                                            | (925)                                           | (3,111)                                                           |
| <b>(Loss) / Profit for the period</b>                                      | <b>(5,551)</b>                                  | <b>11,175</b>                                                      | <b>(5,551)</b>                                  | <b>11,175</b>                                                     |
| <b>Other comprehensive (loss) / income net of tax</b>                      |                                                 |                                                                    |                                                 |                                                                   |
| Foreign currency translation differences for foreign operation             | 6                                               | (142)                                                              | 6                                               | (142)                                                             |
| Realisation of revaluation reserve upon depreciation of revalued asset     | 227                                             | 50                                                                 | 227                                             | 50                                                                |
| Transfer of revaluation reserve to unappropriated profit                   | (227)                                           | (50)                                                               | (227)                                           | (50)                                                              |
| Fair value loss on cash flow hedge                                         | (68)                                            | (432)                                                              | (68)                                            | (432)                                                             |
| <b>Total comprehensive (loss) / income for the period</b>                  | <b>(5,613)</b>                                  | <b>10,601</b>                                                      | <b>(5,613)</b>                                  | <b>10,601</b>                                                     |
| <b>(Loss) / Profit for the period attributable to:</b>                     |                                                 |                                                                    |                                                 |                                                                   |
| Owners of the Company                                                      | (5,551)                                         | 11,175                                                             | (5,551)                                         | 11,175                                                            |
| Non-controlling interest                                                   | -                                               | -                                                                  | -                                               | -                                                                 |
|                                                                            | <b>(5,551)</b>                                  | <b>11,175</b>                                                      | <b>(5,551)</b>                                  | <b>11,175</b>                                                     |
| <b>Total comprehensive (loss) / income for the period attributable to:</b> |                                                 |                                                                    |                                                 |                                                                   |
| Owners of the Company                                                      | (5,613)                                         | 10,601                                                             | (5,613)                                         | 10,601                                                            |
| Non-controlling interest                                                   | -                                               | -                                                                  | -                                               | -                                                                 |
|                                                                            | <b>(5,613)</b>                                  | <b>10,601</b>                                                      | <b>(5,613)</b>                                  | <b>10,601</b>                                                     |
| <b>Earnings per share</b>                                                  |                                                 |                                                                    |                                                 |                                                                   |
| (a) Basic earnings per ordinary share (sen)                                | <b>(0.75)</b>                                   | <b>1.49</b>                                                        | <b>(0.75)</b>                                   | <b>1.49</b>                                                       |
| (b) Diluted earnings per ordinary share (sen)                              | <b>(0.75)</b>                                   | <b>1.46</b>                                                        | <b>(0.75)</b>                                   | <b>1.46</b>                                                       |

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 2020 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 2020

|                                      | 31/05/2020     | 29/02/2020     |
|--------------------------------------|----------------|----------------|
|                                      | Unaudited      | Audited        |
|                                      | RM'000         | RM'000         |
| <b>ASSETS</b>                        |                |                |
| <b>Non-Current Assets</b>            |                |                |
| Property, Plant And Equipment        | 338,709        | 343,539        |
| Capital Work-in-progress             | 982            | 561            |
| Investment Properties                | 6,300          | 6,300          |
| Investment In An Associate Company   | 2,832          | 2,819          |
| Derivatives Financial Instruments    | -              | 20             |
| Goodwill on Acquisition              | 1,194          | 1,194          |
| Deferred Tax Assets                  | 4              | 4              |
|                                      | <u>350,021</u> | <u>354,437</u> |
| <b>Current Assets</b>                |                |                |
| Inventories                          | 310,067        | 305,254        |
| Trade and Other Receivables          | 120,144        | 124,810        |
| Amount Due from An Associate Company | 37,123         | 35,711         |
| Derivatives Financial Instruments    | 27             | 75             |
| Fixed Deposits with Licensed Banks   | 2,632          | 2,616          |
| Cash and Bank Balances               | 95,536         | 86,085         |
|                                      | <u>565,529</u> | <u>554,551</u> |
| <b>TOTAL ASSETS</b>                  | <u>915,550</u> | <u>908,988</u> |
| <b>EQUITY AND LIABILITIES</b>        |                |                |
| <b>EQUITY</b>                        |                |                |
| Share Capital                        | 209,924        | 209,920        |
| Treasury Shares                      | (3,197)        | (892)          |
| Revaluation Reserve                  | 61,523         | 61,750         |
| Warrants Reserve                     | 14,749         | 14,749         |
| Other Reserves                       | 12,625         | 12,494         |
| Unappropriated Profit                | 355,542        | 360,866        |
| <b>TOTAL EQUITY</b>                  | <u>651,166</u> | <u>658,887</u> |
| <b>LIABILITIES</b>                   |                |                |
| <b>Non-Current Liabilities</b>       |                |                |
| Long Term Borrowings                 | 47,257         | 48,526         |
| Lease liabilities                    | 10,690         | 10,815         |
| Deferred Tax Liabilities             | 14,190         | 14,469         |
|                                      | <u>72,137</u>  | <u>73,810</u>  |
| <b>Current Liabilities</b>           |                |                |
| Trade and Other Payables             | 47,416         | 38,263         |
| Overdraft and Short Term Borrowings  | 141,243        | 129,759        |
| Amount Due to An Associate Company   | 212            | 89             |
| Lease liabilities                    | 2,793          | 2,807          |
| Tax Payable                          | 583            | 1,656          |
| Dividend Payable                     | -              | 3,717          |
|                                      | <u>192,247</u> | <u>176,291</u> |
| <b>Total Liabilities</b>             | <u>264,384</u> | <u>250,101</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>915,550</u> | <u>908,988</u> |
| <br>                                 |                |                |
| NET ASSETS PER SHARE (RM)            | 0.87           | 0.88           |

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 2020 and the accompanying explanatory notes attached to the interim financial reports.



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**INTERIM FINANCIAL REPORT**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MAY 2020**

|                                                                 | <b>GROUP<br/>31/05/2020<br/>RM'000</b> | <b>GROUP<br/>31/05/2019<br/>RM'000</b> |
|-----------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                        |                                        |
| (Loss) / Profit before taxation                                 | <b>(4,626)</b>                         | 14,286                                 |
| Adjustments for:                                                |                                        |                                        |
| Allowance for impairment of receivables (net)                   | <b>918</b>                             | 783                                    |
| Allowance /(reversal of allowance) for slow moving inventories  | <b>243</b>                             | (429)                                  |
| Depreciation of property, plant and equipment                   | <b>3,892</b>                           | 4,213                                  |
| Depreciation of right-of-use assets                             | <b>814</b>                             | 245                                    |
| Interest expense                                                | <b>1,673</b>                           | 2,710                                  |
| Bad debts written off                                           | <b>2</b>                               | -                                      |
| Interest expense on lease liabilities                           | <b>183</b>                             | 194                                    |
| Interest income                                                 | <b>(327)</b>                           | (225)                                  |
| Gain on disposal of property, plant and equipment               | <b>-</b>                               | (341)                                  |
| Unrealised exchange gain on foreign exchange                    | <b>(451)</b>                           | (905)                                  |
| Other non-cash items                                            | <b>20</b>                              | 481                                    |
| <b>Operating profit before changes in working capital</b>       | <b>2,341</b>                           | 21,012                                 |
| Changes in working capital:-                                    |                                        |                                        |
| Inventories                                                     | <b>(5,056)</b>                         | 3,515                                  |
| Receivables                                                     | <b>3,503</b>                           | 10,697                                 |
| Payables                                                        | <b>9,533</b>                           | (8,124)                                |
| Associate company                                               | <b>(1,290)</b>                         | 629                                    |
| <b>Cash generated from operations</b>                           | <b>9,031</b>                           | 27,729                                 |
| Tax paid (net)                                                  | <b>(2,314)</b>                         | (3,705)                                |
| <b>Net cash generated from operating activities</b>             | <b>6,717</b>                           | 24,024                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                        |                                        |
| Interest received                                               | <b>327</b>                             | 225                                    |
| Purchase of property, plant and equipment                       | <b>(149)</b>                           | (4,637)                                |
| Proceeds from disposal of property, plant and equipment         | <b>-</b>                               | 619                                    |
| Capital work-in-progress incurred                               | <b>(421)</b>                           | (364)                                  |
| <b>Net cash used in investing activities</b>                    | <b>(243)</b>                           | (4,157)                                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                                        |                                        |
| Dividend paid                                                   | <b>(3,717)</b>                         | -                                      |
| Proceeds from issuance of share capital                         | <b>3</b>                               | 946                                    |
| Purchase of treasury shares                                     | <b>(2,305)</b>                         | -                                      |
| Government grant received                                       | <b>163</b>                             | -                                      |
| Interest paid                                                   | <b>(1,324)</b>                         | (2,541)                                |
| Repayment of lease liabilities                                  | <b>(323)</b>                           | (255)                                  |
| (Repayment of)/proceeds from short-term borrowings              | <b>13,025</b>                          | (8,789)                                |
| Drawdown of borrowings                                          | <b>-</b>                               | 2,868                                  |
| Repayment of borrowings                                         | <b>(2,801)</b>                         | (3,243)                                |
| <b>Net cash generated / (used in) from financing activities</b> | <b>2,721</b>                           | (11,014)                               |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                | <b>9,195</b>                           | 8,853                                  |
| <b>EFFECT OF EXCHANGE RATE CHANGES</b>                          | <b>272</b>                             | (66)                                   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>     | <b>88,701</b>                          | 51,153                                 |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>           | <b>98,168</b>                          | 59,940                                 |

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 2020 and the accompanying explanatory notes attached to the interim financial reports.



**PANTECH GROUP HOLDINGS BERHAD**

Company No. 200601013856 (733607-W)  
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**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2020**

|                                                                 | ← Attributable to Owners of the Company → |                              |                               |                                  |                                   |                                              |                                      |                                     |                           |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------------------------|--------------------------------------|-------------------------------------|---------------------------|
|                                                                 | ← Non-Distributable →                     |                              |                               |                                  |                                   |                                              | Distributable                        |                                     |                           |
|                                                                 | Share<br>Capital<br>RM'000                | Treasury<br>Shares<br>RM'000 | Warrants<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Share Option<br>Reserve<br>RM'000 | Exchange<br>Translation<br>Reserve<br>RM'000 | Cash Flow<br>Hedge Reserve<br>RM'000 | Unappropriated<br>Profits<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>Balance as at 1 March 2019</b>                               | 208,298                                   | (4,171)                      | 14,749                        | 12,134                           | 2,960                             | 8,309                                        | 840                                  | 343,331                             | 586,450                   |
| <b>Transactions with owners:</b>                                |                                           |                              |                               |                                  |                                   |                                              |                                      |                                     |                           |
| Issuance of shares pursuant to exercise of ESOS                 | 1,175                                     | -                            | -                             | -                                | (229)                             | -                                            | -                                    | -                                   | 946                       |
| Share options granted under ESOS                                | -                                         | -                            | -                             | -                                | 367                               | -                                            | -                                    | -                                   | 367                       |
| Distribution of share dividend declared in prior financial year | -                                         | 3,778                        | -                             | -                                | -                                 | -                                            | -                                    | -                                   | 3,778                     |
| <b>Total transactions with owners</b>                           | <b>1,175</b>                              | <b>3,778</b>                 | <b>-</b>                      | <b>-</b>                         | <b>138</b>                        | <b>-</b>                                     | <b>-</b>                             | <b>-</b>                            | <b>5,091</b>              |
| Profit for the period                                           | -                                         | -                            | -                             | -                                | -                                 | -                                            | -                                    | 11,175                              | 11,175                    |
| Other comprehensive income for the period                       | -                                         | -                            | -                             | (50)                             | -                                 | (142)                                        | (432)                                | 50                                  | (574)                     |
| <b>Total comprehensive income for the period</b>                | <b>-</b>                                  | <b>-</b>                     | <b>-</b>                      | <b>(50)</b>                      | <b>-</b>                          | <b>(142)</b>                                 | <b>(432)</b>                         | <b>11,225</b>                       | <b>10,601</b>             |
| <b>Balance as at 31 May 2019</b>                                | <b>209,473</b>                            | <b>(393)</b>                 | <b>14,749</b>                 | <b>12,084</b>                    | <b>3,098</b>                      | <b>8,167</b>                                 | <b>408</b>                           | <b>354,556</b>                      | <b>602,142</b>            |

*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 2020 and the accompanying explanatory notes attached to the interim financial reports*



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**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2020 (continued)**

|                                                           | ← Attributable to Owners of the Company → |                              |                               |                                  |                                   |                                              |                                      |                                     |                 |                           |
|-----------------------------------------------------------|-------------------------------------------|------------------------------|-------------------------------|----------------------------------|-----------------------------------|----------------------------------------------|--------------------------------------|-------------------------------------|-----------------|---------------------------|
|                                                           | ← Non-Distributable →                     |                              |                               |                                  |                                   | Distributable                                |                                      |                                     |                 |                           |
|                                                           | Share<br>Capital<br>RM'000                | Treasury<br>Shares<br>RM'000 | Warrants<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Share Option<br>Reserve<br>RM'000 | Exchange<br>Translation<br>Reserve<br>RM'000 | Cash Flow<br>Hedge Reserve<br>RM'000 | Unappropriated<br>Profits<br>RM'000 | Total<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>Balance as at 1 March 2020</b>                         | 209,920                                   | (892)                        | 14,749                        | 61,750                           | 4,297                             | 8,102                                        | 95                                   | 360,866                             | 658,887         | 658,887                   |
| <b>Transactions with owners:</b>                          |                                           |                              |                               |                                  |                                   |                                              |                                      |                                     |                 |                           |
| Issuance of shares pursuant to exercise of ESOS           | 4                                         | -                            | -                             | -                                | (1)                               | -                                            | -                                    | -                                   | 3               | 3                         |
| Acquisition of treasury shares                            | -                                         | (2,305)                      | -                             | -                                | -                                 | -                                            | -                                    | -                                   | (2,305)         | (2,305)                   |
| Share options granted under ESOS                          | -                                         | -                            | -                             | -                                | 194                               | -                                            | -                                    | -                                   | 194             | 194                       |
| <b>Total transactions with owners</b>                     | <b>4</b>                                  | <b>(2,305)</b>               | <b>-</b>                      | <b>-</b>                         | <b>193</b>                        | <b>-</b>                                     | <b>-</b>                             | <b>-</b>                            | <b>(2,108)</b>  | <b>(2,108)</b>            |
| Loss for the period                                       | -                                         | -                            | -                             | -                                | -                                 | -                                            | -                                    | (5,551)                             | (5,551)         | (5,551)                   |
| Other comprehensive (loss) / income for the period        | -                                         | -                            | -                             | (227)                            | -                                 | 6                                            | (68)                                 | 227                                 | (62)            | (62)                      |
| <b>Total comprehensive (loss) / income for the period</b> | <b>-</b>                                  | <b>-</b>                     | <b>-</b>                      | <b>(227)</b>                     | <b>-</b>                          | <b>6</b>                                     | <b>(68)</b>                          | <b>(5,324)</b>                      | <b>(5,613)</b>  | <b>(5,613)</b>            |
| <b>Balance as at 31 May 2020</b>                          | <b>209,924</b>                            | <b>(3,197)</b>               | <b>14,749</b>                 | <b>61,523</b>                    | <b>4,490</b>                      | <b>8,108</b>                                 | <b>27</b>                            | <b>355,542</b>                      | <b>651,166</b>  | <b>651,166</b>            |

*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 2020 and the accompanying explanatory notes attached to the interim financial reports*



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## INTERIM FINANCIAL REPORT

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### A. EXPLANATORY NOTES PURSUANT TO MFRS 134

#### A1 Basis of Preparation

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

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

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2020. 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 2020.

#### A2 Summary of Significant Accounting Policies

##### (a) Adoption of new or revised 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 2020, except for adoption of the new and revised MFRSs and IC Interpretations approved by the Malaysian Accounting Standards Board and applicable for current financial year. The initial application of the new and revised MFRSs and interpretations has no material impacts to this interim financial statements.

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

At the date of authorisation of this interim financial statement, the MASB has approved certain new standards, amendments and interpretations to existing standards which are not yet effective, and have not been early adopted by the Group.

##### (i) Amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases*

##### (ii) MFRS effective for annual periods beginning on or 1 January 2021

- MFRS 17 – *Insurance Contracts*\*



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## INTERIM FINANCIAL REPORT

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

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

##### (iii) Amendments effective for annual periods beginning on or 1 January 2022

- Amendments to MFRS 3 – *Business Combinations*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 116 – *Property, Plant and Equipment*
- Amendments to MFRS 137 – *Provisions, Contingent Liabilities and Contingent Assets*
- Annual Improvements to MFRS Standards 2018 – 2020

##### (iv) Amendments effective for date yet to be confirmed

- Amendments to MFRS 10 – *Consolidated Financial Statements*
- Amendments to MFRS 128 – *Investments in Associates and Joint Ventures*

The management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. The initial application of the new standards, amendments and interpretations are not expected to have any material impacts to the interim financial statement of the Group.

### 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 2020 were not subject to any audit qualification.

### A4 Seasonal or Cyclical Factors

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

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

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

### A6 Material Changes in Estimates

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



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## INTERIM FINANCIAL REPORT

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### 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 6,464,100 ordinary share or 0.86% of its issued share capital from the open market at the average price paid of RM0.36 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 742,734,593 ordinary shares.

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

During the current financial year-to-date under review, 8,000 number of ordinary shares were issued under the Company's ESOS.

### A8 Dividend Paid

|                                                                                                                                                                                                                                              | <b>Current Year<br/>To-date<br/>RM'000</b> | Preceding Year<br>Corresponding<br>Period<br>RM'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------|
| <b>Third interim dividend in respect of financial year ended 29 February 2020, paid on 10 April 2020</b><br>Single tier dividend of 0.50 sen per ordinary share                                                                              | <b>3,717</b>                               |                                                     |
| <b>Second interim dividend in respect of financial year ended 28 February 2019, paid on 12 April 2019</b><br>Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held |                                            | 3,778                                               |
|                                                                                                                                                                                                                                              | <b>3,717</b>                               | <b>3,778</b>                                        |

Subsequent to the interim financial period ended 31 May 2020, the Company had on 11 June 2020 declared a share dividend distribution of approximately 7.42 million treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares in respect of financial year ended 29 February 2020, amounting to RM2.897 million.





## 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, galvanising, investments and management.

|                                 | <b>Trading of<br/>PVF<br/>products<br/><br/>RM'000</b> | <b>Manufacturing<br/>of pipes &amp; pipe<br/>fittings,<br/>galvanising<br/><br/>RM'000</b> | <b>Investment<br/>and<br/>Management<br/><br/>RM'000</b> | <b>Elimination<br/><br/>RM'000</b> | <b>Total<br/><br/>RM'000</b> |
|---------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------|------------------------------|
| <b>Period Ended 31 May 2020</b> |                                                        |                                                                                            |                                                          |                                    |                              |
| <b>Revenue</b>                  |                                                        |                                                                                            |                                                          |                                    |                              |
| External Revenue                | 49,045                                                 | 31,618                                                                                     | -                                                        | -                                  | 80,663                       |
| Intersegment revenue            | 4,483                                                  | 4,987                                                                                      | 5,016                                                    | (14,486)                           | -                            |
| <b>Total revenue</b>            | <b>53,528</b>                                          | <b>36,605</b>                                                                              | <b>5,016</b>                                             | <b>(14,486)</b>                    | <b>80,663</b>                |
| <b>Segment Profit / (Loss)</b>  | 2,424                                                  | (6,386)                                                                                    | 4,626                                                    | (3,661)                            | (2,997)                      |
| Interest income                 |                                                        |                                                                                            |                                                          |                                    | 327                          |
| Finance costs                   |                                                        |                                                                                            |                                                          |                                    | (1,969)                      |
| Share of profit in associate    |                                                        |                                                                                            |                                                          |                                    | 13                           |
| Loss before tax                 |                                                        |                                                                                            |                                                          |                                    | (4,626)                      |
| <br>                            |                                                        |                                                                                            |                                                          |                                    |                              |
|                                 | <b>Trading of<br/>PVF<br/>products<br/><br/>RM'000</b> | <b>Manufacturing<br/>of pipes &amp; pipe<br/>fittings,<br/>galvanising<br/><br/>RM'000</b> | <b>Investment<br/>and<br/>Management<br/><br/>RM'000</b> | <b>Elimination<br/><br/>RM'000</b> | <b>Total<br/><br/>RM'000</b> |
| <b>Period Ended 31 May 2019</b> |                                                        |                                                                                            |                                                          |                                    |                              |
| <b>Revenue</b>                  |                                                        |                                                                                            |                                                          |                                    |                              |
| External Revenue                | 90,282                                                 | 54,741                                                                                     | -                                                        | -                                  | 145,023                      |
| Intersegment revenue            | 8,696                                                  | 10,202                                                                                     | 1,015                                                    | (19,913)                           | -                            |
| <b>Total revenue</b>            | <b>98,978</b>                                          | <b>64,943</b>                                                                              | <b>1,015</b>                                             | <b>(19,913)</b>                    | <b>145,023</b>               |
| <b>Segment Profit</b>           | 11,680                                                 | 5,071                                                                                      | 374                                                      | (23)                               | 17,102                       |
| Interest income                 |                                                        |                                                                                            |                                                          |                                    | 225                          |
| Finance costs                   |                                                        |                                                                                            |                                                          |                                    | (3,148)                      |
| Share of profit in associate    |                                                        |                                                                                            |                                                          |                                    | 107                          |
| Profit before tax               |                                                        |                                                                                            |                                                          |                                    | 14,286                       |

\* 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<br>to-date<br>RM'000 | Preceding Year<br>Corresponding Period<br>RM'000 |
| Generated by Malaysia operation | 87,527                            | 156,831                                          |
| Generated by overseas operation | 7,622                             | 8,105                                            |
|                                 | 95,149                            | 164,936                                          |
| Inter-segments elimination      | (14,486)                          | (19,913)                                         |
|                                 | 80,663                            | 145,023                                          |

### 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 change to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the financial year ended 29 February 2020.

### 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.

### A12 Changes in the Composition of the Group

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

### A13 Contingent Liabilities

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

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

|                      |                    |
|----------------------|--------------------|
|                      | <b>31 May 2020</b> |
|                      | <b>RM'000</b>      |
| Corporate guarantees | <u>736,415</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 2020 are as follows:

|                             | <b>31 May 2020</b> |
|-----------------------------|--------------------|
|                             | <b>RM'000</b>      |
| Approved and contracted for | <u>3,565</u>       |



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

**B1 Review of Performance**

| <b>Business Segment</b>      | <b>Revenue</b>         |                  | <b>Revenue</b>     |                  |
|------------------------------|------------------------|------------------|--------------------|------------------|
|                              | <b>Current Quarter</b> |                  | <b>3 months to</b> |                  |
|                              | <b>31-May-20</b>       | <b>31-May-19</b> | <b>31-May-20</b>   | <b>31-May-19</b> |
|                              | <b>RM'000</b>          | <b>RM'000</b>    | <b>RM'000</b>      | <b>RM'000</b>    |
| Trading                      | 49,045                 | 90,282           | 49,045             | 90,282           |
| Manufacturing                | 31,618                 | 54,741           | 31,618             | 54,741           |
| Investment and<br>Management | -                      | -                | -                  | -                |
| <b>Consolidated Total</b>    | <b>80,663</b>          | <b>145,023</b>   | <b>80,663</b>      | <b>145,023</b>   |

| <b>Business Segment</b>      | <b>Profit / (Loss) Before</b> |                  | <b>Profit / (Loss) Before Taxation</b> |                  |
|------------------------------|-------------------------------|------------------|----------------------------------------|------------------|
|                              | <b>Taxation</b>               |                  | <b>3 months to</b>                     |                  |
|                              | <b>Current Quarter</b>        |                  | <b>3 months to</b>                     |                  |
|                              | <b>31-May-20</b>              | <b>31-May-19</b> | <b>31-May-20</b>                       | <b>31-May-19</b> |
|                              | <b>RM'000</b>                 | <b>RM'000</b>    | <b>RM'000</b>                          | <b>RM'000</b>    |
| Trading                      | 2,501                         | 10,895           | 2,501                                  | 10,895           |
| Manufacturing                | (6,092)                       | 4,660            | (6,092)                                | 4,660            |
| Investment and<br>Management | (1,035)                       | (1,269)          | (1,035)                                | (1,269)          |
| <b>Consolidated Total</b>    | <b>(4,626)</b>                | <b>14,286</b>    | <b>(4,626)</b>                         | <b>14,286</b>    |

**Trading Division**

For the current quarter ended 31 May 2020, the trading division recorded lower external revenue of RM49.05 million (Q1FY20: RM90.28 million) and lower segment profit before tax of RM2.50 million (Q1FY20: RM10.90 million), a decrease of approximately RM41.24 million (45.68%) and RM8.39 million (77.04%) respectively.

The lower revenue and segment profit before tax for the current quarter and the 3 months ended 31 May 2020 was mainly due to trading divisions were unable to operate during Movement Control Order imposed by Malaysian Government.



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## INTERIM FINANCIAL REPORT

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

#### **Manufacturing Division**

For the current quarter ended 31 May 2020, the manufacturing division recorded lower external revenue of RM31.62 million (Q1FY20: RM54.74 million) and a segment loss before tax of RM6.09 million (Q1FY20: profit of RM4.66 million), an decrease of approximately RM23.12 million (42.24%) and RM10.75 million (230.73%) respectively.

The lower sales revenue and segment loss before tax for the current quarter and 3 months ended 31 May 2020 was mainly due to two manufacturing plants were unable to operate during Movement Control Order imposed by Malaysian Government.

#### **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 2020, the Group registered a lower revenue of RM80.66 million (Q1FY20: RM145.02 million) and loss before tax (“LBT”) of RM4.63 million (Q1FY20: profit of RM14.29 million). The weaker performance for the current quarter were mainly due to the material impact from restriction on Malaysian subsidiaries to operate during Movement Control Order imposed by Malaysian Government.

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

In the current quarter under review, the Group reported a lower revenue of RM80.66 million compared to the preceding quarter of RM143.98 million mainly due to the material impact of restriction on Malaysian subsidiaries to operate during Movement Control Order imposed by Malaysian Government. As a result, the Group reported a loss after taxation (“LAT”) of RM5.55 million compared to preceding quarter of profit after taxation “PAT” of RM7.38 million.

### **B3 Prospects**

The Group remains cautious on the impact of COVID-19 outbreak around the world to the economic activities and the challenges faced by the oil and gas industries during current low oil prices.

With the recent gradual opening of economic sectors, both domestic and internationally, the Group believes a recovery of economy would provide support to all industries including oil and gas industries. Thus, the long term business outlook continues to be cautiously positive.



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### B3 Prospects (continued)

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 enhancing its competitiveness as the major pipes, valves and fittings solutions provider to the oil and gas industries, related upstream and downstream industries. The Group will seek to secure orders from its customers aggressively from both domestic and export markets.

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<br>Quarter<br>31-May-20<br>RM'000 | Preceding<br>Year<br>Corresponding<br>Quarter<br>31-May-19<br>RM'000 | Current Year<br>To Date<br>31-May-20<br>RM'000 | Preceding<br>Year<br>Corresponding<br>Period<br>31-May-19<br>RM'000 |
| Current taxation                                                                | 1,199                                          | 3,330                                                                | 1,199                                          | 3,330                                                               |
| Transferred from/(to) deferred<br>tax assets                                    | (207)                                          | (204)                                                                | (207)                                          | (204)                                                               |
| Crystallization of deferred<br>taxation upon depreciation<br>of revalued assets | (67)                                           | (15)                                                                 | (67)                                           | (15)                                                                |
|                                                                                 | <b>925</b>                                     | <b>3,111</b>                                                         | <b>925</b>                                     | <b>3,111</b>                                                        |

Tax expense for the current quarter and financial year-to-date ended 31 May 2020 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 higher than the statutory rate is mainly due to losses incurred by certain subsidiary companies.



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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 Lease Liabilities**

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

| <b><u>Borrowings</u></b>                                         | <b>Current<br/>RM'000</b> | <b>Non-current<br/>RM'000</b> |
|------------------------------------------------------------------|---------------------------|-------------------------------|
| <b>Unsecured: -</b>                                              |                           |                               |
| - Term loans                                                     | 14,400                    | 47,257                        |
| - Bankers' acceptances, trust receipts and other short term loan | 107,768                   | -                             |
| - Foreign currency loan                                          | 19,075                    | -                             |
|                                                                  | <u>141,243</u>            | <u>47,257</u>                 |

Foreign currency borrowings included above:

|           | <b>Foreign<br/>Currency<br/>'000</b> | <b>RM<br/>Equivalent<br/>'000</b> |
|-----------|--------------------------------------|-----------------------------------|
| US Dollar | 4,017                                | 17,443                            |
| GBP Pound | 305                                  | 1,632                             |
|           | <u>4,322</u>                         | <u>19,075</u>                     |

| <b><u>Lease Liabilities</u></b> | <b>Current<br/>RM'000</b> | <b>Non-current<br/>RM'000</b> |
|---------------------------------|---------------------------|-------------------------------|
| Lease Liabilities               | 2,793                     | 10,690                        |
|                                 | <u>2,793</u>              | <u>10,690</u>                 |

Foreign currency lease liability included above:

|            | <b>Foreign<br/>Currency<br/>'000</b> | <b>RM<br/>Equivalent<br/>'000</b> |
|------------|--------------------------------------|-----------------------------------|
| SGD Dollar | 12                                   | 36                                |
|            | <u>12</u>                            | <u>36</u>                         |

### **B8 Material Litigation**

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



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### B9 Dividends

The Board of Directors has approved and declared a first interim single tier dividend of 0.30 sen per ordinary share in respect of the financial year ending 28 February 2021 (Preceding year corresponding quarter: 0.50 sen). The first interim dividend will be paid on 25 September 2020 to shareholders whose name appear on the Company's Record of Depositors on 28 August 2020.

The total dividend per share for the current financial year is 0.30 sen single per dividend per ordinary share (Preceding year corresponding period: 0.50 sen).

### B10 Earnings per Share

#### a) Basic Earnings per Share

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

|                                                           | Individual Quarter      |                                               | Cumulative Quarter      |                                              |
|-----------------------------------------------------------|-------------------------|-----------------------------------------------|-------------------------|----------------------------------------------|
|                                                           | Current Year<br>Quarter | Preceding<br>Year<br>Corresponding<br>Quarter | Current Year<br>To Date | Preceding<br>Year<br>Corresponding<br>Period |
|                                                           | 31-May-20<br>RM'000     | 31-May-19<br>RM'000                           | 31-May-20<br>RM'000     | 31-May-19<br>RM'000                          |
| Net (loss) / profit attributable to owners of the Company | (5,551)                 | 11,175                                        | (5,551)                 | 11,175                                       |
| Weighted average number of ordinary share in issue ('000) | 742,990                 | 748,728                                       | 742,990                 | 748,728                                      |
| <b>Basic earnings per ordinary share (sen)</b>            | <b>(0.75)</b>           | <b>1.49</b>                                   | <b>(0.75)</b>           | <b>1.49</b>                                  |

#### b) Diluted Earnings per Share

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





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### B10 Earnings per Share (continued)

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

|                                                                   | Individual Quarter                                    |                                                                   | Cumulative Quarter                                    |                                                                  |
|-------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------|
|                                                                   | Current Year<br>Quarter<br><b>31-May-20</b><br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31-May-19<br>RM'000 | Current Year<br>To Date<br><b>31-May-20</b><br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31-May-19<br>RM'000 |
| <b>Net (loss) / profit attributable to owners of the Company:</b> | (5,551)                                               | 11,175                                                            | (5,551)                                               | 11,175                                                           |
| <b>Adjusted weighted average number of shares ('000):</b>         |                                                       |                                                                   |                                                       |                                                                  |
| Weighted average number of ordinary share in issue ('000)         | 742,990                                               | 748,728                                                           | 742,990                                               | 748,728                                                          |
| Adjustment for dilutive effect on exercise of Warrants ('000)     | -                                                     | 7,086                                                             | -                                                     | 7,086                                                            |
| Adjustment for dilutive effect on exercise of ESOS options ('000) | -                                                     | 8,459                                                             | -                                                     | 8,459                                                            |
|                                                                   | <b>742,990</b>                                        | <b>764,273</b>                                                    | <b>742,990</b>                                        | <b>764,273</b>                                                   |
| <b>Diluted earnings per ordinary share (sen)</b>                  | <b>(0.75)</b>                                         | <b>1.46</b>                                                       | <b>(0.75)</b>                                         | <b>1.46</b>                                                      |

### B11 Share Buy Back

As at end of current quarter, a total of 8,272,079 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 RM0.39 per share.



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### B12 Derivative Financial Instruments

|                                        | As at 31-May-20                           |                                |
|----------------------------------------|-------------------------------------------|--------------------------------|
|                                        | Contract/<br>Notional<br>amount<br>RM'000 | Fair value<br>Assets<br>RM'000 |
| Hedging derivatives: -                 |                                           |                                |
| Cash flow hedges                       |                                           |                                |
| - Cross Currency Swap                  | 534                                       | 27                             |
|                                        |                                           | <b>RM'000</b>                  |
| <u>Analysed as: -</u>                  |                                           |                                |
| Within 1 year                          |                                           | 27                             |
| More than 1 year but less than 5 years |                                           | -                              |
|                                        |                                           | <u>27</u>                      |

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 29 February 2020:

- (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 RM68,000 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**

|                                                                        | <b>Quarter<br/>Ended<br/>31-May-20<br/>RM'000</b> | <b>Financial<br/>Year Ended<br/>31-May-20<br/>RM'000</b> |
|------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------------------|
| Interest income                                                        | 327                                               | 327                                                      |
| Other income including investment income                               | 181                                               | 181                                                      |
| Interest expense                                                       | (1,856)                                           | (1,856)                                                  |
| Depreciation and amortization                                          | (4,706)                                           | (4,706)                                                  |
| Allowance for impairment and write off of receivables                  | (920)                                             | (920)                                                    |
| Allowance for slow moving and write off of inventories                 | (243)                                             | (243)                                                    |
| Gain/(loss) on disposal of quoted or unquoted investment or properties | -                                                 | -                                                        |
| Gain/(loss) on disposal of property, plant and equipment               | -                                                 | -                                                        |
| Impairment of assets                                                   | -                                                 | -                                                        |
| Realised foreign exchange gain/(loss)                                  | 1,014                                             | 1,014                                                    |
| Unrealised foreign exchange gain/(loss)                                | 451                                               | 451                                                      |
| Gain/(loss) on derivatives                                             | -                                                 | -                                                        |
| Exceptional items                                                      | -                                                 | -                                                        |

**Date: 23 July 2020**