



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 NOVEMBER 2018**

	Third Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2018 RM'000	Preceding Year Corresponding Quarter 30/11/2017 RM'000	Current Year To Date 30/11/2018 RM'000	Preceding Year Corresponding Period 30/11/2017 RM'000
Revenue	140,158	156,621	466,604	465,216
Operating Expenses	(124,100)	(141,871)	(419,020)	(418,658)
Other Operating Income	333	120	7,472	4,706
Profit from Operations	16,391	14,870	55,056	51,264
Finance Cost	(2,629)	(2,343)	(7,657)	(7,162)
Share of profit/(loss) in associate company	256	(95)	202	(176)
Profit before taxation	14,018	12,432	47,601	43,926
Taxation	(2,829)	(2,384)	(11,423)	(9,607)
Profit for the period	11,189	10,048	36,178	34,319
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	683	(279)	(1,040)	244
Realisation of revaluation reserve upon depreciation of revalued asset	49	50	149	152
Transfer of revaluation reserve to unappropriated profit	(49)	(50)	(149)	(152)
Fair value gain/(loss) on cash flow hedge	389	(430)	(71)	(2,442)
Total comprehensive income for the period	12,261	9,339	35,067	32,121
Profit/(loss) for the period attributable to:				
Owners of the Company	11,189	10,052	36,178	35,766
Non-controlling interest	-	(4)	-	(1,447)
	11,189	10,048	36,178	34,319
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	12,261	9,343	35,067	33,568
Non-controlling interest	-	(4)	-	(1,447)
	12,261	9,339	35,067	32,121
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.51	1.36	4.88	4.83
(b) Diluted earnings per ordinary share (sen)	1.50	1.28	4.85	4.55

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 30 NOVEMBER 2018**

	30/11/2018 Unaudited	28/02/2018 Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	213,443	221,404
Prepaid Land Lease Payments	32,697	33,134
Capital Work-in-progress	11,772	3,815
Investment Properties	6,600	6,600
Investment In An Associate Company	2,265	2,063
Derivatives Financial Instruments	115	625
Goodwill on Acquisition	1,198	1,198
Deferred Tax Assets	2,038	1,851
	<u>270,128</u>	<u>270,690</u>
Current Assets		
Inventories	328,272	276,094
Trade and Other Receivables	178,584	166,484
Amount Due from An Associate Company	26,254	6,658
Derivatives Financial Instruments	958	627
Fixed Deposits with Licensed Banks	2,529	2,477
Cash and Bank Balances	81,076	67,746
	<u>617,673</u>	<u>520,086</u>
TOTAL ASSETS	<u>887,801</u>	<u>790,776</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	208,298	207,544
Treasury Shares	(3,563)	(811)
Revaluation Reserve	12,184	12,333
Warrants Reserve	14,749	14,749
Other Reserves	12,296	12,770
Unappropriated Profit	335,772	306,869
Equity attributable to owners of the Parent	<u>579,736</u>	<u>553,454</u>
Non-Controlling Interest	-	-
Total Equity	<u>579,736</u>	<u>553,454</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	38,425	41,351
Other Payables	267	260
Derivative Financial Instruments	-	55
Deferred Tax Liabilities	5,144	5,157
	<u>43,836</u>	<u>46,823</u>
Current Liabilities		
Trade and Other Payables	54,662	46,802
Overdraft and Short Term Borrowings	199,177	135,220
Amount Due to An Associate Company	205	216
Derivative Financial Instruments	-	48
Tax Payable	6,480	4,490
Dividend Payable	3,705	3,723
	<u>264,229</u>	<u>190,499</u>
Total Liabilities	<u>308,065</u>	<u>237,322</u>
TOTAL EQUITY AND LIABILITIES	<u>887,801</u>	<u>790,776</u>
NET ASSETS PER SHARE (RM)	0.78	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.



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2018**

	GROUP 30/11/2018 RM'000	GROUP 30/11/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	47,601	43,926
Adjustments for:		
(Reversal of allowance)/Allowance for impairment of receivables (net)	(223)	492
Allowance for slow moving inventories (net)	1,647	1,301
Amortisation of prepaid land lease payments	436	437
Depreciation of property, plant and equipment	12,248	12,240
Interest expense	6,732	6,194
Bad debts written off	10	368
Interest income	(752)	(827)
Gain on disposal of property, plant and equipment	(115)	(384)
Loss on fair value of derivatives financial instruments	4	-
Unrealised exchange (gain)/loss on foreign exchange	(1,133)	342
Other non-cash items	623	1,577
Operating profit before changes in working capital	67,078	65,666
Changes in working capital:-		
Inventories	(53,824)	(19,169)
Receivables	(10,720)	(16,519)
Payables	8,897	(29,711)
Associate company	(19,607)	3,951
Cash (used in)/generated from operations	(8,176)	4,218
Tax paid (net)	(10,463)	(7,219)
Net cash used in operating activities	(18,639)	(3,001)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in subsidiary from non-controlling interest	-	(7,016)
Interest received	752	824
Purchase of property, plant and equipment	(3,922)	(4,014)
Proceeds from disposal of property, plant and equipment	115	431
Capital work-in-progress incurred	(7,957)	(3,496)
Net cash used in investing activities	(11,012)	(13,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,442)	(13,339)
Proceeds from issuance of share capital	607	1,957
Purchase of treasury shares	(2,752)	(258)
Interest paid	(6,972)	(6,375)
Proceeds from short-term borrowings	59,953	27,091
Drawdown of borrowings	12,145	4,469
Repayment of borrowings	(11,574)	(15,201)
Net cash generated from/(used in) financing activities	43,965	(1,656)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,314	(17,928)
EFFECT OF EXCHANGE RATE CHANGES	(932)	393
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	70,223	91,592
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	83,605	74,057

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.

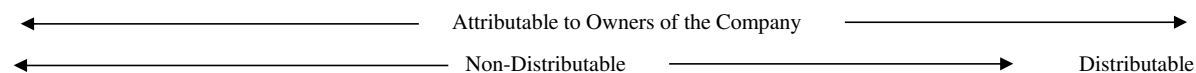


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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2018

	Attributable to Owners of the Company							Distributable			
	Non-Distributable										
	Share Capital	Treasury Shares	Warrants Reserve	Revaluation Reserve	Share Option Reserve	Exchange Translation Reserve	Cash Flow Hedge Reserve	Unappropriated Profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 March 2017	203,929	(554)	14,869	12,634	961	10,038	4,520	278,004	524,401	8,463	532,864
Transactions with owners:											
Issuance of shares pursuant to exercise of ESOS	2,058	-	-	-	(407)	-	-	-	1,651	-	1,651
Issuance of shares pursuant to exercise of Warrants	367	-	(61)	-	-	-	-	-	306	-	306
Acquisition of treasury shares	-	(258)	-	-	-	-	-	-	(258)	-	(258)
Share options granted under ESOS	-	-	-	-	1,324	-	-	-	1,324	-	1,324
Acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	-	(7,016)	(7,016)
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,706)	(3,706)	-	(3,706)
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(7,417)	(7,417)	-	(7,417)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,714)	(3,714)	-	(3,714)
Total transactions with owners	2,425	(258)	(61)	-	917	-	-	(14,837)	(11,814)	(7,016)	(18,830)
Profit for the period	-	-	-	-	-	-	-	35,766	35,766	(1,447)	34,319
Other comprehensive income for the period	-	-	-	(152)	-	244	(2,442)	152	(2,198)	-	(2,198)
Total comprehensive income for the period	-	-	-	(152)	-	244	(2,442)	35,918	33,568	(1,447)	32,121
Balance as at 30 November 2017	206,354	(812)	14,808	12,482	1,878	10,282	2,078	299,085	546,155	-	546,155

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial reports

**PANTECH GROUP HOLDINGS BERHAD**Company No. 733607 W
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2018 (continued)**

	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 March 2018	207,544	(811)	14,749	12,333	2,080	9,546	1,144	306,869	553,454	-	553,454
Transactions with owners:											
Issuance of shares pursuant to exercise of ESOS	754	-	-	-	(147)	-	-	-	607	-	607
Acquisition of treasury shares	-	(2,752)	-	-	-	-	-	-	(2,752)	-	(2,752)
Share options granted under ESOS	-	-	-	-	784	-	-	-	784	-	784
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,719)	(3,719)	-	(3,719)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,705)	(3,705)	-	(3,705)
Total transactions with owners	754	(2,752)	-	-	637	-	-	(7,424)	(8,785)	-	(8,785)
Profit for the period	-	-	-	-	-	-	-	36,178	36,178	-	36,178
Other comprehensive income for the period	-	-	-	(149)	-	(1,040)	(71)	149	(1,111)	-	(1,111)
Total comprehensive income for the period	-	-	-	(149)	-	(1,040)	(71)	36,327	35,067	-	35,067
Balance as at 30 November 2018	208,298	(3,563)	14,749	12,184	2,717	8,506	1,073	335,772	579,736	-	579,736

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

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

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

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 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 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 5,391,700 ordinary share or 0.72% of its issued share capital from the open market at the average price paid of RM0.51 per share. The purchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act, 2016.

The Company has the right to cancel, resell any shares purchased and/or distributes as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended.

As at the end of financial year-to-date under review, the number of ordinary shares in issue after deducting treasury shares against equity is 741,073,600 ordinary shares.

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

During the current financial year-to-date under review, 1,462,500 number of ordinary shares were issued under the Company's ESOS.



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A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
Final dividend in respect of financial year ended 28 February 2018, paid on 20 August 2018 Single tier dividend of 0.50 sen per ordinary share	3,719	
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	
First interim dividend in respect of financial year ended 28 February 2018, paid on 24 October 2017 Single tier dividend of 0.50 sen per ordinary share and special single tier dividend of 0.50 sen per ordinary share		7,417
Final dividend in respect of financial year ended 28 February 2017, paid on 24 August 2017 Single tier dividend of 0.50 sen per ordinary share		3,706
Third interim dividend in respect of financial year ended 28 February 2017, paid on 12 April 2017 Single tier dividend of 0.30 sen per ordinary share		2,216
	7,442	13,339

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 30 November 2018					
Revenue					
External Revenue	293,194	173,410	-	-	466,604
Intersegment revenue	22,881	45,402	12,720	(81,003)	-
Total revenue	316,075	218,812	12,720	(81,003)	466,604
Segment Profit	40,123	14,493	10,000	(10,312)	54,304
Interest income					752
Finance costs					(7,657)
Share of profit in associate					202
Profit before tax					47,601



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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 30 November 2017					
Revenue					
External Revenue	262,266	202,950	-	-	465,216
Intersegment revenue	27,026	37,890	20,935	(85,851)	-
Total revenue	<u>289,292</u>	<u>240,840</u>	<u>20,935</u>	<u>(85,851)</u>	<u>465,216</u>
Segment Profit	34,365	17,481	17,341	(18,750)	50,437
Interest income					827
Finance costs					(7,162)
Share of loss in associate					(176)
Profit before tax					<u>43,926</u>

* PVF: Represents pipes, valves and fittings.

Analysis of the Group's revenue by geographical segments:

	Revenue	
	-- 9 months ended 30 November 2018 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	513,876	511,429
Generated by overseas operation	33,731	39,638
	<u>547,607</u>	551,067
Inter-segments elimination	<u>(81,003)</u>	(85,851)
	466,604	465,216

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.



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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:-

	30 November 2018
	RM'000
Corporate guarantees	<u>745,752</u> *

* Represents the total limit of Pantech's corporate guarantee

A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2018 are as follows:

	30 November 2018
	RM'000
Approved and contracted for	<u>15,991</u>



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

B1 Review of Performance

	Revenue		Revenue	
	Current Quarter		9 months to	
	30-Nov-18	30-Nov-17	30-Nov-18	30-Nov-17
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	94,440	84,938	293,194	262,266
Manufacturing	45,718	71,683	173,410	202,950
Investment and Management	-	-	-	-
Consolidated Total	140,158	156,621	466,604	465,216

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		9 months to	
	30-Nov-18	30-Nov-17	30-Nov-18	30-Nov-17
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	11,933	8,122	37,547	31,908
Manufacturing	2,936	5,533	12,974	15,906
Investment and Management	(851)	(1,223)	(2,920)	(3,888)
Consolidated Total	14,018	12,432	47,601	43,926

Trading Division

For the current quarter ended 30 November 2018, the trading division recorded higher external revenue of RM94.44 million (Q3FY18: RM84.94 million) and higher segment profit before tax of RM11.93 million (Q3FY18: RM8.12 million), an increase of approximately RM9.50 million (11.19%) and RM3.81 million (46.92%) respectively.

For the 9 months ended 30 November 2018, the trading division recorded higher external revenue of RM293.19 million (9 months FY18: RM262.27 million) and higher profit before tax of RM37.55 million (9 months FY18: RM31.91 million), an increase of approximately RM30.93 million (11.79%) and RM5.64 million (17.67%) respectively.

The higher revenue and segment profit before tax for the current quarter and the 9 months ended 30 November 2018 was mainly due to the increased in sales demand and delivery in local oil and gas projects.



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B1 Review of Performance (continued)

Manufacturing Division

For the current quarter ended 30 November 2018, the manufacturing division recorded lower external revenue of RM45.72 million (Q3FY18: RM71.68 million) and a lower segment profit before tax of RM2.94 million (Q3FY18: RM5.53 million), a decrease of approximately RM25.97 million (36.22%) and RM2.60 million (46.94%) respectively.

For the 9 months ended 30 November 2018, the manufacturing division recorded lower external revenue of RM173.41 million (9 months FY18: RM202.95 million) and lower profit before tax of RM12.97 million (9 months FY18: RM15.91 million), a decrease of approximately RM29.54 million (14.56%) and RM2.93 million (18.43%) respectively.

The lower revenue and segment profit before tax for the current quarter and the 9 months ended 30 November 2018 was mainly due to the lower sales contribution from carbon steel manufacturing plant due to the suspension on shipments to United States arising from the preliminary affirmative anti-circumvention determination on Malaysia.

Investment and Management Division

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

Group Performance

For the current quarter ended 30 November 2018, the Group registered lower revenue of RM140.16 million (Q3FY18: RM156.62 million) and higher profit before tax ("PBT") of RM14.02 million (Q3FY18: RM12.43 million).

The lower revenue for the current quarter was mainly due to lower sales contribution from manufacturing division. However, the better performance from trading division has contributed to the overall increase in PBT for the current quarter.

For the 9 months ended 30 November 2018, the Group registered higher revenue of RM466.60 million (9 months FY18: RM465.22 million) and a higher profit before tax of RM47.60 million (9 months FY18: RM43.93 million).

The better Group performance was mainly due to the increase in sales demand from trading division despite lower sales contribution from carbon steel manufacturing plant.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported lower revenue of RM140.16 million compared to the preceding quarter of RM148.06 million. Despite the lower sales contribution from local manufacturing division, the Group reported higher profit after taxation ("PAT") of RM11.19 million compared to preceding quarter of RM10.87 million which was mainly due to the better product mix from trading division.



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B3 Prospects

The Group remains cautiously optimistic on the development in the oil and gas industries with fluctuation of oil price to around USD50/barrel. The Group will prudently continue to focus and expand on its existing revenue generating businesses and seek opportunities to grow its businesses, both local and overseas, by expanding its capacity as the major pipes, valves and fittings solutions provider to the oil and gas industries, related upstream and downstream industries.

The 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 and currently the carbon steel manufacturing plant has temporarily suspended its export shipment to USA.

Notwithstanding the above, the Group see the opportunities to secure more orders from the increased activities in upstream oil and gas activities in Malaysia and Southeast Asia.

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

B4 Variance on Profit Forecast/Profit Guarantee

There is no profit forecast or guarantee issued by the Group for the current financial year and quarter under review.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 30-Nov-18 RM'000	Preceding Year Corresponding Quarter 30-Nov-17 RM'000	Current Year To Date 30-Nov-18 RM'000	Preceding Year Corresponding Period 30-Nov-17 RM'000
Current taxation	3,698	2,878	12,079	10,044
(Over)/under provision of Taxation in prior year	(444)	100	(460)	17
Transferred from deferred tax liabilities	(410)	(579)	(150)	(408)
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	(15)	(46)	(46)
	2,829	2,384	11,423	9,607



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B5 Taxation (continued)

Tax expense for the current quarter and financial year-to-date ended 30 November 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 quarter is lower than the statutory rate which mainly due to utilisation of the tax incentive by the subsidiary companies.

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	18,664	32,483
- Hire purchase	2,329	5,942
- Bankers' acceptances, trust receipts and other short term loan	161,544	-
- Foreign currency loan	16,640	-
	<u>199,177</u>	<u>38,425</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	3,568	14,940
SGD Dollar	637	1,939
GBP Pound	315	1,701

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 share dividend distribution of approximately 7.40 million treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares. Based on the treasury shares book cost, the share dividend is equivalent to approximately 0.51 sen per share (Preceding year corresponding quarter: 0.50 sen). The share dividend will be credited to the entitled shareholders' Depositor's Securities Account on 12 April 2019 whose name appear on the Company's Record of Depositors on 22 March 2019.

The total dividend per share for the current financial year is equivalent to 1.01 sen per ordinary share (Preceding year corresponding period: 2.00 sen).

B10 Earnings per Share

a) Basic Earnings per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Nov-18 RM'000	30-Nov-17 RM'000	30-Nov-18 RM'000	30-Nov-17 RM'000
Net profit attributable to owners of the Company	11,189	10,052	36,178	35,766
Weighted average number of ordinary share in issue ('000)	741,745	740,600	741,745	740,600
Basic earnings per ordinary share (sen)	1.51	1.36	4.88	4.83

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 30-Nov-18 RM'000	Preceding Year Corresponding Quarter 30-Nov-17 RM'000	Current Year To Date 30-Nov-18 RM'000	Preceding Year Corresponding Period 30-Nov-17 RM'000
Net profit attributable to owners of the Company:	11,189	10,052	36,178	35,766
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	741,745	740,600	741,745	740,600
Adjustment for dilutive effect on exercise of Warrants ('000)	-	36,225	-	36,225
Adjustment for dilutive effect on exercise of ESOS options ('000)	4,593	9,258	4,593	9,258
	746,338	786,083	746,338	786,083
Diluted earnings per ordinary share (sen)	1.50	1.28	4.85	4.55

B11 Share Buy Back

As at end of current quarter, a total of 6,783,624 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 RM0.52 per share.



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B12 Derivative Financial Instruments

	As at 30-Nov-18	
	Contract/ Notional amount RM'000	Fair value Assets RM'000
Hedging derivatives:-		
Cash flow hedges		
- Cross Currency Swap	<u>8,935</u>	<u>1,073</u>
		RM'000
<u>Analysed as:-</u>		
Within 1 year		958
More than 1 year but less than 5 years		<u>115</u>
		<u><u>1,073</u></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 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 RM71,000 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 30-Nov-18 RM'000	Financial Year Ended 30-Nov-18 RM'000
Interest income	229	752
Other income including investment income	80	962
Interest expense	(2,351)	(6,732)
Depreciation and amortization	(4,215)	(12,684)
Allowance for impairment and write off of receivables	(1,151)	213
Allowance for slow moving and write off of inventories	(832)	(1,647)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	-	115
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(1,176)	365
Unrealised foreign exchange gain/(loss)	17	1,133
Gan/(loss) on derivatives	22	(4)
Exceptional items	-	-

Date: 17th January 2019