



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 30 NOVEMBER 2020**

	Third Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2020 RM'000	Preceding Year Corresponding Quarter 30/11/2019 RM'000	Current Year To Date 30/11/2020 RM'000	Preceding Year Corresponding Period 30/11/2019 RM'000
Revenue	133,040	165,513	350,013	458,567
Operating Expenses	(121,930)	(151,904)	(327,007)	(417,901)
Other Operating Income	1,163	1,975	2,000	4,395
Profit from Operations	12,273	15,584	25,006	45,061
Finance Cost	(1,622)	(2,723)	(5,469)	(8,679)
Share of profit in associate company	82	2	92	65
Profit before taxation	10,733	12,863	19,629	36,447
Taxation	(1,986)	(2,595)	(5,712)	(7,824)
Profit for the period	8,747	10,268	13,917	28,623
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	(738)	1,169	360	(499)
Realisation of revaluation reserve upon depreciation of revalued asset	227	50	680	149
Transfer of revaluation reserve to unappropriated profit	(227)	(50)	(680)	(149)
Fair value loss on cash flow hedge	(11)	(14)	(80)	(742)
Total comprehensive income for the period	7,998	11,423	14,197	27,382
Profit for the period attributable to:				
Owners of the Company	8,747	10,268	13,917	28,623
Non-controlling interest	-	-	-	-
	8,747	10,268	13,917	28,623
Total comprehensive income for the period attributable to:				
Owners of the Company	7,998	11,423	14,197	27,382
Non-controlling interest	-	-	-	-
	7,998	11,423	14,197	27,382
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.17	1.37	1.87	3.82
(b) Diluted earnings per ordinary share (sen)	1.17	1.36	1.87	3.79

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 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 30 NOVEMBER 2020

	30/11/2020	29/02/2020
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	333,842	343,539
Capital Work-in-progress	5,661	561
Investment Properties	6,300	6,300
Investment In An Associate Company	2,911	2,819
Derivatives Financial Instruments	-	20
Goodwill on Acquisition	1,194	1,194
Deferred Tax Assets	4	4
	<u>349,912</u>	<u>354,437</u>
Current Assets		
Inventories	296,283	305,254
Trade and Other Receivables	115,075	124,810
Amount Due from An Associate Company	22,749	35,711
Derivatives Financial Instruments	15	75
Fixed Deposits with Licensed Banks	2,655	2,616
Cash and Bank Balances	120,172	86,085
	<u>556,949</u>	<u>554,551</u>
TOTAL ASSETS	<u>906,861</u>	<u>908,988</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	209,924	209,920
Treasury Shares	(1,481)	(892)
Revaluation Reserve	61,070	61,750
Warrants Reserve	14,749	14,749
Other Reserves	13,368	12,494
Unappropriated Profit	366,607	360,866
TOTAL EQUITY	<u>664,237</u>	<u>658,887</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	43,370	48,526
Lease liabilities	10,477	10,815
Deferred Tax Liabilities	13,135	14,469
	<u>66,982</u>	<u>73,810</u>
Current Liabilities		
Trade and Other Payables	35,954	38,263
Overdraft and Short Term Borrowings	128,836	129,759
Amount Due to An Associate Company	135	89
Lease liabilities	2,927	2,807
Tax Payable	4,055	1,656
Dividend Payable	3,735	3,717
	<u>175,642</u>	<u>176,291</u>
Total Liabilities	<u>242,624</u>	<u>250,101</u>
TOTAL EQUITY AND LIABILITIES	<u>906,861</u>	<u>908,988</u>
NET ASSETS PER SHARE (RM)	0.88	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.



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2020

	GROUP 30/11/2020 RM'000	GROUP 30/11/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,629	36,447
Adjustments for:		
Allowance/(Reversal of allowance) for impairment of receivables (net)	3,778	(766)
Allowance/(Reversal of allowance) for slow moving inventories (net)	299	(181)
Depreciation of property, plant and equipment	11,870	13,232
Depreciation of right-of-use assets	2,643	298
Interest expense	4,458	7,702
Bad debts written off	403	-
Interest expense on lease liabilities	547	290
Interest income	(811)	(703)
Gain on disposal of property, plant and equipment	(13)	(103)
Unrealised exchange loss / (gain) on foreign exchange	256	(596)
Other non-cash items	504	1,467
Operating profit before changes in working capital	43,563	57,087
Changes in working capital:-		
Inventories	8,673	35,625
Receivables	4,860	8,759
Payables	(2,621)	(6,262)
Associate company	13,008	2,393
Cash generated from operations	67,483	97,602
Tax paid (net)	(4,167)	(10,812)
Net cash generated from operating activities	63,316	86,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	811	703
Purchase of property, plant and equipment	(4,607)	(10,543)
Proceeds from disposal of property, plant and equipment	39	923
Capital work-in-progress incurred	(5,195)	(2,338)
Net cash used in investing activities	(8,952)	(11,255)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,968)	(11,248)
Proceeds from issuance of share capital	3	1,170
Purchase of treasury shares	(3,458)	-
Interest paid	(4,749)	(7,070)
Repayment of lease liabilities	(2,380)	(473)
Proceeds from/(repayment of) short-term borrowings	188	(33,474)
Drawdown of borrowings	2,077	19,349
Repayment of borrowings	(6,253)	(12,662)
Net cash used in financing activities	(20,540)	(44,408)
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,824	31,127
EFFECT OF EXCHANGE RATE CHANGES	302	(394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	88,701	51,153
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	122,827	81,886

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.



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2020

	←----- Attributable to Owners of the Company -----→								
	←----- Non-Distributable -----→					----- Distributable -----→			
	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 Equity RM'000
Balance as at 1 March 2019	208,298	(4,171)	14,749	12,134	2,960	8,309	840	343,331	586,450
Transactions with owners:									
Issuance of shares pursuant to exercise of ESOS	1,453	-	-	-	(283)	-	-	-	1,170
Share options granted under ESOS	-	-	-	-	1,252	-	-	-	1,252
Distribution of share dividend declared in prior financial year	-	3,778	-	-	-	-	-	-	3,778
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(7,499)	(7,499)
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,749)	(3,749)
Second interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,750)	(3,750)
Total transactions with owners	1,453	3,778	-	-	969	-	-	(14,998)	(8,798)
Profit for the period	-	-	-	-	-	-	-	28,623	28,623
Other comprehensive income for the period	-	-	-	(149)	-	(499)	(742)	149	(1,241)
Total comprehensive income for the period	-	-	-	(149)	-	(499)	(742)	28,772	27,382
Balance as at 30 November 2019	209,751	(393)	14,749	11,985	3,929	7,810	98	357,105	605,034



PANTECH GROUP HOLDINGS BERHAD

Company No. 200601013856 (733607-W)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2020 (continued)

	← Attributable to Owners of the Company →									
	← Non-Distributable →					Distributable				
	Share Capital	Treasury Shares	Warrants Reserve	Revaluation Reserve	Share Option Reserve	Exchange Translation Reserve	Cash Flow Hedge Reserve	Unappropriated Profits	Total	Total Equity
	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 2020	209,920	(892)	14,749	61,750	4,297	8,102	95	360,866	658,887	658,887
Transactions with owners:										
Issuance of shares pursuant to exercise of ESOS	4	-	-	-	(1)	-	-	-	3	3
Acquisition of treasury shares	-	(3,458)	-	-	-	-	-	-	(3,458)	(3,458)
Share options granted under ESOS	-	-	-	-	595	-	-	-	595	595
Fourth interim share dividend distributed to Shareholders	-	2,869	-	-	-	-	-	(2,869)	-	-
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(2,250)	(2,250)	(2,250)
Second interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,737)	(3,737)	(3,737)
Total transactions with owners	4	(589)	-	-	594	-	-	(8,856)	(8,847)	(8,847)
Profit for the period	-	-	-	-	-	-	-	13,917	13,917	13,917
Other comprehensive income for the period	-	-	-	(680)	-	360	(80)	680	280	280
Total comprehensive income for the period	-	-	-	(680)	-	360	(80)	14,597	14,197	14,197
Balance as at 30 November 2020	209,924	(1,481)	14,749	61,070	4,891	8,462	15	366,607	664,237	664,237

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



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

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

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

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



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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 9,642,300 ordinary share or 1.28% 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 746,980,279 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.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
First Interim dividend in respect of financial year ended 28 February 2021, paid on 25 September 2020 Single tier dividend of 0.3 sen per ordinary share	2,250	
Fourth interim dividend in respect of financial year ended 29 February 2020, paid on 18 August 2020 Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held	2,869	
Third interim dividend in respect of financial year ended 29 February 2020, paid on 10 April 2020 Single tier dividend of 0.50 sen per ordinary share	3,717	
First Interim dividend in respect of financial year ended 29 February 2020, paid on 24 October 2019 Single tier dividend of 0.5 sen per ordinary share		3,749
Final dividend in respect of financial year ended 28 February 2019, paid on 23 August 2019 Single tier dividend of 1.0 sen per ordinary share		7,499
Second interim dividend in respect of financial year ended 28 February 2019, paid on 12 April 2019 Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held		3,778
	8,836	15,026

Subsequent to the interim financial period ended 30 November 2020, the Company had on 15 January 2021 paid a second interim single tier dividend of 0.50 sen per ordinary share in respect of financial year ended 28 February 2021, amounting to approximately RM3.74 million.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

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 2020					
Revenue					
External Revenue	199,364	150,649	-	-	350,013
Intersegment revenue	16,466	28,730	18,606	(63,802)	-
Total revenue	215,830	179,379	18,606	(63,802)	350,013
Segment Profit	18,514	5,002	16,415	(15,736)	24,195
Interest income					811
Finance costs					(5,469)
Share of profit in associate					92
Profit before tax					19,629
	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 2019					
Revenue					
External Revenue	256,982	201,585	-	-	458,567
Intersegment revenue	24,008	31,282	14,558	(69,848)	-
Total revenue	280,990	232,867	14,558	(69,848)	458,567
Segment Profit	32,145	12,011	12,365	(12,163)	44,358
Interest income					703
Finance costs					(8,679)
Share of profit in associate					65
Profit before tax					36,447

* PVF: Represents pipes, valves and fittings.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9 Segment Information (continued)

Analysis of the Group's revenue by geographical segments:

	Revenue	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	391,011	500,268
Generated by overseas operation	22,804	28,147
	413,815	528,415
Inter-segments elimination	(63,802)	(69,848)
	350,013	458,567

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: -

	30 November 2020
	RM'000
Corporate guarantees	<u>563,538</u> *

* Represents the total limit of Pantech's corporate guarantee



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2020 are as follows:

	30 November 2020
	RM'000
Approved and contracted for	<u>6,430</u>



INTERIM FINANCIAL REPORT

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

B1 Review of Performance

Business Segment	Revenue Current Quarter		Revenue 9 months to	
	30-Nov-20	30-Nov-19	30-Nov-20	30-Nov-19
	RM'000	RM'000	RM'000	RM'000
Trading	75,728	83,883	199,364	256,982
Manufacturing	57,312	81,630	150,649	201,585
Investment and Management	-	-	-	-
Consolidated Total	133,040	165,513	350,013	458,567

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 9 months to	
	30-Nov-20	30-Nov-19	30-Nov-20	30-Nov-19
	RM'000	RM'000	RM'000	RM'000
Trading	6,860	10,888	18,058	29,525
Manufacturing	5,543	3,350	5,643	11,095
Investment and Management	(1,670)	(1,375)	(4,072)	(4,173)
Consolidated Total	10,733	12,863	19,629	36,447

Trading Division

For the current quarter ended 30 November 2020, the trading division recorded lower external revenue of RM75.73 million (Q3FY20: RM83.88 million) and segment profit before tax of RM6.86 million (Q3FY20: RM10.89 million), a decrease of approximately RM8.15 million (9.72%) and RM4.03 million (37.01%) respectively.

The lower revenue was mainly due to the decrease in sales demand in local oil and gas sectors for the current quarter ended 30 November 2020. A lower profit before tax was reported mainly due to changes in product mix and higher operating expenses.

For the 9 months ended 30 November 2020, the trading division recorded lower external revenue of RM199.36 million (9 months FY20: RM256.98 million) and lower profit before tax of RM18.06 million (9 months FY20: RM29.53 million), a decrease of approximately RM57.62 million (22.42%) and RM11.47 million (38.84%) respectively.



INTERIM FINANCIAL REPORT

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

B1 Review of Performance (continued)

Trading Division (continued)

The lower revenue and segment profit before tax for the 9 months ended 30 November 2020 was mainly due to temporary stop of business operation during Movement Control Order imposed by the government of Malaysia.

Manufacturing Division

For the current quarter ended 30 November 2020, the manufacturing division recorded lower external revenue of RM57.31 million (Q3FY20: RM81.63 million) but a higher segment profit before tax of RM5.54 million (Q3FY20: RM3.35 million), a decrease of approximately RM24.32 million (29.79%) and an increase of RM2.19 million (65.37%) respectively.

The lower revenue for the current quarter was mainly due to softer sales demand from export markets of carbon steel manufacturing division. Despite lower revenue, the higher segment profit before tax achieved was mainly due to higher contribution from better product mix by manufacturing division.

For the 9 months ended 30 November 2020, the manufacturing division recorded lower external revenue of RM150.65 million (9 months FY20: RM201.59 million) and lower profit before tax of RM5.64 million (9 months FY20: RM11.10 million), a decrease of approximately RM50.94 million (25.27%) and RM5.46 million (49.19%) respectively.

The lower revenue and segment profit before tax for the current 9 months ended 30 November 2020 compare to preceding year were mainly due to two manufacturing plants were unable to operate during Movement Control Order imposed by the government of 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 2020, the Group registered a lower revenue of RM133.04 million (Q3FY20: RM165.51 million) and profit before tax ("PBT") of RM10.73 million (Q3FY20: RM12.86 million). The lower profit before tax was mainly attributable to lower contribution from trading division for the current quarter ended 30 November 2020 explained above.



INTERIM FINANCIAL REPORT

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

B1 Review of Performance (continued)

Group Performance (continued)

For the 9 months ended 30 November 2020, the Group registered a lower revenue of RM350.01 million (9 months FY20: RM458.57 million) and profit before tax of RM19.63 million (9 months FY20: RM36.45 million). The weaker performance was mainly due to certain subsidiaries were unable to operate during the Movement Control Order imposed by Government of Malaysia.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a lower revenue of RM133.04 million compared to the preceding quarter of RM136.31 million, and profit after taxation ("PAT") of RM8.75 million compared to preceding quarter of RM10.72 million. The decrease in revenue and PAT was mainly due to the decrease in sales demand for both trading and manufacturing divisions.

B3 Prospects

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

While various economic sectors are gradually resumed both domestically and internationally, the Group believes a slower economic recovery is expected. Despite the short term challenges, the Group believes the long term business outlook continues to be cautiously positive.

The Group will prudently continue to focus 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.



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

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Nov-20 RM'000	Preceding Year Corresponding Quarter 30-Nov-19 RM'000	Current Year To Date 30-Nov-20 RM'000	Preceding Year Corresponding Period 30-Nov-19 RM'000
Current taxation	3,022	2,824	7,259	8,152
(Over) / under provision in prior year	(212)	(494)	(212)	(459)
Transferred from/(to) deferred tax assets	(757)	280	(1,135)	177
Crystallization of deferred taxation upon depreciation of revalued assets	(67)	(15)	(200)	(46)
	1,986	2,595	5,712	7,824

Tax expense for the current quarter and financial year-to-date ended 30 November 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, mainly due to certain expenses that are not deductible for tax purposes.

B6 Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this quarterly report.



INTERIM FINANCIAL REPORT

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

B7 Group Borrowings and Lease Liabilities

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

<u>Borrowings</u>	Current RM'000	Non-current RM'000
<u>Unsecured: -</u>		
- Term loans	14,830	43,370
- Bankers' acceptances, trust receipts and other short term loan	98,279	-
- Foreign currency loan	15,727	-
	<u>128,836</u>	<u>43,370</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	3,350	13,781
GBP Pound	358	1,946

<u>Lease Liabilities</u>	Current RM'000	Non-current RM'000
Lease Liabilities	2,918	10,477
Foreign currency Lease Liabilities	9	-
	<u>2,927</u>	<u>10,477</u>

Foreign currency lease liability included above:

	Foreign Currency '000	RM Equivalent '000
SGD Dollar	3	9

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.



INTERIM FINANCIAL REPORT

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

B9 Dividends

The Board of Directors has approved and declared a third interim single tier dividend of 0.50 sen per ordinary share in respect of the financial year ending 28 February 2021 (Preceding year corresponding quarter: 0.50 sen). The third interim dividend will be paid on 16 April 2021 to shareholders whose name appear on the Company's Record of Depositors on 31 March 2021.

The total dividend per share for the current financial year is 1.30 sen single tier dividend per ordinary share (Preceding year corresponding period: 1.50 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 Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Nov-20 RM'000	30-Nov-19 RM'000	30-Nov-20 RM'000	30-Nov-19 RM'000
Net profit attributable to owners of the Company	8,747	10,268	13,917	28,623
Weighted average number of ordinary share in issue ('000)	745,132	749,469	745,132	749,469
Basic earnings per ordinary share (sen)	1.17	1.37	1.87	3.82

b) Diluted Earnings per Share

The Diluted Earnings per Share is calculated by dividing the profit attributable to the owners of the Company on the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is the same as basic earnings per share for the current period as there is no potential dilutive effect of ordinary shares that would be issued upon exercise of warrants and ESOS.



INTERIM FINANCIAL REPORT

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

B10 Earnings per Share (continued)

b) Diluted Earnings per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Nov-20 RM'000	30-Nov-19 RM'000	30-Nov-20 RM'000	30-Nov-19 RM'000
Net profit attributable to owners of the Company:	8,747	10,268	13,917	28,623
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	745,132	749,469	745,132	749,469
Adjustment for dilutive effect on exercise of Warrants ('000)	-	-	-	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	-	5,378	-	5,378
	745,132	754,847	745,132	754,847
Diluted earnings per ordinary share (sen)	1.17	1.36	1.87	3.79

B11 Share Buy Back

As at end of current quarter, a total of 4,026,393 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 RM0.36 per share.



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

B12 Derivative Financial Instruments

	As at 30-Nov-20	
	Contract/ Notional amount RM'000	Fair value Assets RM'000
Hedging derivatives: -		
Cash flow hedges		
- Cross Currency Swap	524	15
	<u>524</u>	<u>15</u>
		RM'000
<u>Analysed as: -</u>		
Within 1 year		15
More than 1 year but less than 5 years		-
		<u>15</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 RM80,000 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.



INTERIM FINANCIAL REPORT

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

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 30-Nov-20 RM'000	Financial Year Ended 30-Nov-20 RM'000
Interest income	262	811
Other income including investment income	95	440
Interest expense	(1,428)	(5,005)
Depreciation and amortization	(4,878)	(14,513)
Allowance for impairment and write off of receivables	(2,197)	(4,181)
Allowance for slow moving and write off of inventories	(538)	(299)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain/(loss) on disposal of property, plant and equipment	-	13
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(860)	(1,257)
Unrealised foreign exchange gain/(loss)	110	(256)
Gain/(loss) on derivatives	(4)	-
Exceptional items	-	-

Date: 21 January 2021