



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 28 FEBRUARY 2019**

	Fourth Quarter		Cumulative Quarter	
	Current Year Quarter 28/02/2019 RM'000	Preceding Year Corresponding Quarter 28/02/2018 RM'000	Current Year To Date 28/02/2019 RM'000	Preceding Year Corresponding Period 28/02/2018 RM'000
Revenue	142,613	149,555	609,217	614,771
Operating Expenses	(126,721)	(135,330)	(545,741)	(553,988)
Other Operating Income	468	2,239	7,940	6,945
Profit from Operations	16,360	16,464	71,416	67,728
Finance Cost	(2,853)	(2,221)	(10,510)	(9,383)
Share of profit/(loss) in associate company	517	(36)	719	(212)
Profit before taxation	14,024	14,207	61,625	58,133
Taxation	(2,557)	(2,846)	(13,980)	(12,453)
Profit for the period	11,467	11,361	47,645	45,680
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	(132)	(736)	(1,172)	(492)
Realisation of revaluation reserve upon depreciation of revalued asset	50	149	199	301
Transfer of revaluation reserve to unappropriated profit	(50)	(149)	(199)	(301)
Fair value loss on cash flow hedge	(233)	(934)	(304)	(3,376)
Total comprehensive income for the period	11,102	9,691	46,169	41,812
Profit/(loss) for the period attributable to:				
Owners of the Company	11,467	11,361	47,645	47,127
Non-controlling interest	-	-	-	(1,447)
	11,467	11,361	47,645	45,680
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	11,102	9,691	46,169	43,259
Non-controlling interest	-	-	-	(1,447)
	11,102	9,691	46,169	41,812
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.55	1.53	6.43	6.36
(b) Diluted earnings per ordinary share (sen)	1.53	1.46	6.35	6.08

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

	28/02/2019	28/02/2018
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	230,594	221,404
Prepaid Land Lease Payments	32,552	33,134
Capital Work-in-progress	13,691	3,815
Investment Properties	6,600	6,600
Investment In An Associate Company	2,782	2,063
Derivatives Financial Instruments	43	625
Goodwill on Acquisition	1,198	1,198
Deferred Tax Assets	1,778	1,851
	<u>289,238</u>	<u>270,690</u>
Current Assets		
Inventories	356,502	276,094
Trade and Other Receivables	157,315	166,484
Amount Due from An Associate Company	36,540	6,658
Derivatives Financial Instruments	797	627
Fixed Deposits with Licensed Banks	2,547	2,477
Cash and Bank Balances	48,607	67,746
	<u>602,308</u>	<u>520,086</u>
TOTAL ASSETS	<u>891,546</u>	<u>790,776</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	208,299	207,544
Treasury Shares	(4,171)	(811)
Revaluation Reserve	12,134	12,333
Warrants Reserve	14,749	14,749
Other Reserves	12,174	12,770
Unappropriated Profit	343,517	306,869
Equity attributable to owners of the Parent	<u>586,702</u>	<u>553,454</u>
Non-Controlling Interest	-	-
TOTAL EQUITY	<u>586,702</u>	<u>553,454</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	48,995	41,351
Other Payables	265	260
Derivative Financial Instruments	-	55
Deferred Tax Liabilities	5,135	5,157
	<u>54,395</u>	<u>46,823</u>
Current Liabilities		
Trade and Other Payables	48,124	46,802
Overdraft and Short Term Borrowings	194,743	135,220
Amount Due to An Associate Company	342	216
Derivative Financial Instruments	-	48
Tax Payable	3,462	4,490
Dividend Payable	3,778	3,723
	<u>250,449</u>	<u>190,499</u>
Total Liabilities	<u>304,844</u>	<u>237,322</u>
TOTAL EQUITY AND LIABILITIES	<u>891,546</u>	<u>790,776</u>
NET ASSETS PER SHARE (RM)	0.79	0.74

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2019

	GROUP 28/02/2019 RM'000	GROUP 28/02/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	61,625	58,133
Adjustments for:		
(Reversal of allowance)/Allowance for impairment of receivables (net)	(1,170)	2,155
Allowance for slow moving inventories (net)	1,905	956
Amortisation of prepaid land lease payments	582	582
Depreciation of property, plant and equipment	16,436	16,426
Interest expense	9,279	8,142
Bad debts written off	24	-
Interest income	(922)	(1,017)
Gain on disposal of property, plant and equipment	(115)	(560)
Loss/(gain) on fair value of derivatives financial instruments	4	(4)
Unrealised exchange loss on foreign exchange	29	455
Other non-cash items	347	2,026
Operating profit before changes in working capital	88,024	87,294
Changes in working capital:-		
Inventories	(82,313)	(14,624)
Receivables	11,558	(18,425)
Payables	1,209	(37,145)
Associate company	(29,756)	4,318
Cash (used in)/generated from operations	(11,278)	21,418
Tax paid (net)	(15,867)	(12,443)
Net cash (used in)/generated from operating activities	(27,145)	8,975
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interest in subsidiary from non-controlling interest	-	(7,016)
Interest received	922	1,017
Purchase of property, plant and equipment	(21,612)	(3,485)
Proceeds from disposal of property, plant and equipment	115	2,100
Capital work-in-progress incurred	(13,508)	(4,360)
Net cash used in investing activities	(34,083)	(11,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(11,141)	(17,056)
Proceeds from issuance of share capital	607	2,915
Purchase of treasury shares	(3,360)	(258)
Interest paid	(9,504)	(8,164)
Proceeds from short-term borrowings	59,308	20,694
Drawdown of borrowings	21,640	3,041
Repayment of borrowings	(14,310)	(19,363)
Net cash generated from/(used in) financing activities	43,240	(18,191)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,988)	(20,960)
EFFECT OF EXCHANGE RATE CHANGES	(1,081)	(410)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	70,223	91,593
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	51,154	70,223

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 28 FEBRUARY 2019

	← 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 RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 March 2017	203,928	(553)	14,869	12,634	960	10,038	4,520	278,004	524,400	8,463	532,863
Transactions with owners:											
Issuance of shares pursuant to exercise of ESOS	2,944	-	-	-	(579)	-	-	-	2,365	-	2,365
Issuance of shares pursuant to exercise of Warrants	672	-	(120)	-	-	-	-	-	552	-	552
Acquisition of treasury shares	-	(258)	-	-	-	-	-	-	(258)	-	(258)
Share options granted under ESOS	-	-	-	-	1,699	-	-	-	1,699	-	1,699
Acquisition of interest in subsidiary	-	-	-	-	-	-	-	-	-	(7,016)	(7,016)
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,707)	(3,707)	-	(3,707)
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(7,417)	(7,417)	-	(7,417)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,716)	(3,716)	-	(3,716)
Third interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,723)	(3,723)	-	(3,723)
Total transactions with owners	3,616	(258)	(120)	-	1,120	-	-	(18,563)	(14,205)	(7,016)	(21,221)
Profit for the period	-	-	-	-	-	-	-	47,127	47,127	(1,447)	45,680
Other comprehensive income for the period	-	-	-	(301)	-	(492)	(3,376)	301	(3,868)	-	(3,868)
Total comprehensive income for the period	-	-	-	(301)	-	(492)	(3,376)	47,428	43,259	(1,447)	41,812
Balance as at 28 February 2018	207,544	(811)	14,749	12,333	2,080	9,546	1,144	306,869	553,454	-	553,454

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2019 (continued)

←----- 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 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	755	-	-	-	(148)	-	-	-	607	-	607
Acquisition of treasury shares	-	(3,360)	-	-	-	-	-	-	(3,360)	-	(3,360)
Share options granted under ESOS	-	-	-	-	1,028	-	-	-	1,028	-	1,028
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(3,719)	(3,719)	-	(3,719)
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,699)	(3,699)	-	(3,699)
Second interim share dividend payable to Shareholders	-	-	-	-	-	-	-	(3,778)	(3,778)	-	(3,778)
Total transactions with owners	755	(3,360)	-	-	880	-	-	(11,196)	(12,921)	-	(12,921)
Profit for the period	-	-	-	-	-	-	-	47,645	47,645	-	47,645
Other comprehensive income for the period	-	-	-	(199)	-	(1,172)	(304)	199	(1,476)	-	(1,476)
Total comprehensive income for the period	-	-	-	(199)	-	(1,172)	(304)	47,844	46,169	-	46,169
Balance as at 28 February 2019	208,299	(4,171)	14,749	12,134	2,960	8,374	840	343,517	586,702	-	586,702

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



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A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

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

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

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 28 February 2018.

A2 Summary of Significant Accounting Policies

(a) Adoption of Amendments to MFRSs

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 28 February 2018, except for adoption of the following new standards and amendments to MFRSs which are mandatory for the financial period beginning on or after 1 January 2018.

- Amendments to MFRS 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.



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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 6,781,400 ordinary share or 0.91% of its issued share capital from the open market at the average price paid of RM0.50 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 739,683,900 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
First interim dividend in respect of financial year ended 28 February 2019, paid on 18 January 2019 Single tier dividend of 0.50 sen per ordinary share	3,699	
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	
Second interim dividend in respect of financial year ended 28 February 2018, paid on 19 January 2018 Single tier dividend of 0.50 sen per ordinary share		3,716
First interim dividend in respect of financial year ended 28 February 2018, paid on 24 October 2017 Single tier dividend of 0.50 sen per ordinary share and special single tier dividend of 0.50 sen per ordinary share		7,417
Final dividend in respect of financial year ended 28 February 2017, paid on 24 August 2017 Single tier dividend of 0.50 sen per ordinary share		3,707
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
	11,141	17,056

Subsequent to the interim financial period ended 28 February 2019, the Company had on 12 April 2019 distributed a share dividend via distribution of 7,402,445 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares in respect of financial year ended 28 February 2019. The share dividend is amounted to RM3.778 million.



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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 28 February 2019					
Revenue					
External Revenue	387,104	222,113	-	-	609,217
Intersegment revenue	27,837	56,870	19,767	(104,474)	-
Total revenue	414,941	278,983	19,767	(104,474)	609,217
Segment Profit	53,275	17,029	16,080	(15,890)	70,494
Interest income					922
Finance costs					(10,510)
Share of profit in associate					719
Profit before tax					61,625

	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 28 February 2018					
Revenue					
External Revenue	347,974	266,797	-	-	614,771
Intersegment revenue	34,436	50,409	30,772	(115,617)	-
Total revenue	382,410	317,206	30,772	(115,617)	614,771
Segment Profit	44,294	24,254	26,006	(27,843)	66,711
Interest income					1,017
Finance costs					(9,383)
Share of loss in associate					(212)
Profit before tax					58,133

* PVF: Represents pipes, valves and fittings.



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A9 Segment Information (continued)

Analysis of the Group's revenue by geographical segments:

	Revenue	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	672,894	681,849
Generated by overseas operation	40,797	48,539
	713,691	730,388
Inter-segments elimination	(104,474)	(115,617)
	609,217	614,771

A10 Valuation of Property, Plant and Equipment

Property, plant and equipment of the Group are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

There was no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the financial year ended 28 February 2018.

A11 Material Events Subsequent to the End of the Interim Period

There were no significant material events subsequent to the current financial quarter to date of this announcement, which is likely to substantially affect the results and the operations of the Group.

A12 Changes in the Composition of the Group

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

A13 Contingent Liabilities

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

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

	28 February 2019
	RM'000
Corporate guarantees	<u>769,279</u> *

* Represents the total limit of Pantech's corporate guarantee



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A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 28 February 2019 are as follows:

	28 February 2019 RM'000
Approved and contracted for	<u>6,586</u>



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

B1 Review of Performance

	Revenue		Revenue	
	Current Quarter		12 months to	
	28-Feb-19	28-Feb-18	28-Feb-19	28-Feb-18
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	93,910	85,696	387,104	347,974
Manufacturing	48,703	63,859	222,113	266,797
Investment and Management	-	-	-	-
Consolidated Total	142,613	149,555	609,217	614,771

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		12 months to	
	28-Feb-19	28-Feb-18	28-Feb-19	28-Feb-18
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	13,348	9,479	50,897	41,387
Manufacturing	2,072	5,976	15,046	21,882
Investment and Management	(1,396)	(1,248)	(4,318)	(5,136)
Consolidated Total	14,024	14,207	61,625	58,133

Trading Division

For the current quarter ended 28 February 2019, the trading division recorded higher external revenue of RM93.91 million (Q4FY18: RM85.70 million) and higher segment profit before tax of RM13.35 million (Q4FY18: RM9.48 million), an increase of approximately RM8.21 million (9.59%) and RM3.87 million (40.82%) respectively.

For the 12 months ended 28 February 2019, the trading division recorded higher external revenue of RM387.10 million (12 months FY18: RM347.97 million) and higher segment profit before tax of RM50.90 million (12 months FY18: RM41.39 million), an increase of approximately RM39.13 million (11.25%) and RM9.51 million (22.98%) respectively.

The higher revenue and segment profit before tax for the current quarter and the 12 months ended 28 February 2019 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 28 February 2019, the manufacturing division recorded lower external revenue of RM48.70 million (Q4FY18: RM63.86 million) and a lower segment profit before tax of RM2.07 million (Q4FY18: RM5.98 million), a decrease of approximately RM15.16 million (23.73%) and RM3.90 million (65.33%) respectively.

For the 12 months ended 28 February 2019, the manufacturing division recorded lower external revenue of RM222.11 million (12 months FY18: RM266.80 million) and lower segment profit before tax of RM15.05 million (12 months FY18: RM21.88 million), a decrease of approximately RM44.68 million (16.75%) and RM6.84 million (31.24%) respectively.

The lower revenue and segment profit before tax for the current quarter and the 12 months ended 28 February 2019 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 28 February 2019, the Group registered lower revenue of RM142.61 million (Q4FY18: RM149.56 million) and marginally lower profit before tax ("PBT") of RM14.02 million (Q4FY18: RM14.21 million).

The lower revenue and PBT for the current quarter were mainly due to lower sales contribution from manufacturing division.

For the 12 months ended 28 February 2019, the Group registered lower revenue of RM609.22 million (12 months FY18: RM614.77 million) but a higher profit before tax of RM61.63 million (12 months FY18: RM58.13 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 higher revenue of RM142.61 million compared to the preceding quarter of RM140.16 million. In tandem with higher sales, the Group reported higher profit after taxation ("PAT") of RM11.47 million compared to preceding quarter of RM11.19 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 the current oil price retrace to above USD60/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 next 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 28-Feb-19 RM'000	Preceding Year Corresponding Quarter 28-Feb-18 RM'000	Current Year To Date 28-Feb-19 RM'000	Preceding Year Corresponding Period 28-Feb-18 RM'000
Current taxation	2,341	3,663	14,419	13,706
(Over)/under provision of Taxation in prior year	(33)	101	(493)	118
Transferred from/(to) deferred tax asset	265	(516)	115	(924)
Transferred from deferred tax liabilities	0	(386)	0	(386)
Crystallization of deferred taxation upon depreciation of revalued assets	(16)	(16)	(61)	(61)
	2,557	2,846	13,980	12,453



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B5 Taxation (continued)

Tax expense for the current quarter and financial year-to-date ended 28 February 2019 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	14,900	43,730
- Hire purchase	2,304	5,265
- Bank overdraft	2,115	-
- Bankers' acceptances, trust receipts and other short term loan	170,755	-
- Foreign currency loan	4,669	-
	<u>194,743</u>	<u>48,995</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	905	3,688
SGD Dollar	45	137
GBP Pound	181	981

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 is proposing for the shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 1.00 sen per ordinary shares. The details of the entitlement date for the dividend will be announced later.

The final dividend for the previous financial year ended 28 February 2018 was a single tier dividend of 0.50 sen per ordinary shares.

B10 Earnings per Share

a) Basic Earnings per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	28-Feb-19 RM'000	28-Feb-18 RM'000	28-Feb-19 RM'000	28-Feb-18 RM'000
Net profit attributable to owners of the Company	11,467	11,361	47,645	47,127
Weighted average number of ordinary share in issue ('000)	740,963	741,539	740,963	741,539
Basic earnings per ordinary share (sen)	1.55	1.53	6.43	6.36

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 28-Feb-19 RM'000	Preceding Year Corresponding Quarter 28-Feb-18 RM'000	Current Year To Date 28-Feb-19 RM'000	Preceding Year Corresponding Period 28-Feb-18 RM'000
Net profit attributable to owners of the Company:	11,467	11,361	47,645	47,127
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	740,963	741,539	740,963	741,539
Adjustment for dilutive effect on exercise of Warrants ('000)	2,091	27,706	2,091	27,706
Adjustment for dilutive effect on exercise of ESOS options ('000)	7,755	6,463	7,755	6,463
	750,809	775,708	750,809	775,708
Diluted earnings per ordinary share (sen)	1.53	1.46	6.35	6.08

B11 Share Buy Back

As at end of current quarter, a total of 8,173,324 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 RM0.51 per share.



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B12 Derivative Financial Instruments

	As at 28-Feb-19	
	Contract/ Notional amount RM'000	Fair value Assets RM'000
Hedging derivatives:-		
Cash flow hedges		
- Cross Currency Swap	<u>8,670</u>	<u>840</u>
		RM'000
<u>Analysed as:-</u>		
Within 1 year		797
More than 1 year but less than 5 years		<u>43</u>
		<u><u>840</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 RM304,000 relating to the hedging instruments are included in other comprehensive income. None was reclassified from equity to profit or loss during the current financial year.



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B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 28-Feb-19 RM'000	Financial Year Ended 28-Feb-19 RM'000
Interest income	170	922
Other income including investment income	268	1,230
Interest expense	(2,547)	(9,279)
Depreciation and amortization	(4,334)	(17,018)
Allowance for impairment and write off of receivables	933	1,146
Allowance for slow moving and write off of inventories	(258)	(1,905)
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)	194	559
Unrealised foreign exchange gain/(loss)	(1,162)	(29)
Gain/(loss) on derivatives	-	(4)
Exceptional items	-	-

Date: 24th April 2019