



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 28 FEBRUARY 2021**

	Fourth Quarter		Cumulative Quarter	
	Current Year Quarter 28/02/2021 RM'000	Preceding Year Corresponding Quarter 29/02/2020 RM'000	Current Year To Date 28/02/2021 RM'000	Preceding Year Corresponding Period 29/02/2020 RM'000
Revenue	135,930	143,976	485,943	602,543
Operating Expenses	(120,719)	(135,007)	(447,726)	(552,908)
Other Operating Income	3,029	3,134	5,029	7,529
Profit from Operations	18,240	12,103	43,246	57,164
Finance Cost	(1,440)	(2,499)	(6,909)	(11,178)
Share of (loss) / profit in associate company	(149)	(28)	(57)	37
Profit before taxation	16,651	9,576	36,280	46,023
Taxation	(3,498)	(2,197)	(9,210)	(10,021)
Profit for the period	13,153	7,379	27,070	36,002
Other comprehensive income net of tax				
Surplus on revaluation of properties	-	62,342	-	62,342
Tax effect on item that will not be reclassified to profit or loss	-	(12,477)	-	(12,477)
Foreign currency translation differences for foreign operation	1,102	292	1,462	(207)
Realisation of revaluation reserve upon depreciation of revalued asset	227	101	907	250
Transfer of revaluation reserve to unappropriated profit	(227)	(101)	(907)	(250)
Fair value loss on cash flow hedge	(8)	(2)	(88)	(744)
Total comprehensive income for the period	14,247	57,534	28,444	84,916
Profit for the period attributable to:				
Owners of the Company	13,153	7,379	27,070	36,002
Non-controlling interest	-	-	-	-
	13,153	7,379	27,070	36,002
Total comprehensive income for the period attributable to:				
Owners of the Company	14,247	57,534	28,444	84,916
Non-controlling interest	-	-	-	-
	14,247	57,534	28,444	84,916
Earnings per share				
(a) Basic earnings per ordinary share (sen)	1.76	0.98	3.63	4.80
(b) Diluted earnings per ordinary share (sen)	1.76	0.98	3.62	4.78

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 28 FEBRUARY 2021**

	28/02/2021	29/02/2020
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	330,726	343,539
Capital Work-in-progress	10,222	561
Investment Properties	6,300	6,300
Investment In An Associate Company	2,762	2,819
Derivatives Financial Instruments	-	20
Goodwill on Acquisition	-	1,194
Deferred Tax Assets	4	4
	<u>350,014</u>	<u>354,437</u>
Current Assets		
Inventories	281,940	305,254
Trade and Other Receivables	109,703	124,810
Amount Due from An Associate Company	23,826	35,711
Derivatives Financial Instruments	7	75
Fixed Deposits with Licensed Banks	2,665	2,616
Cash and Bank Balances	135,051	86,085
	<u>553,192</u>	<u>554,551</u>
TOTAL ASSETS	<u>903,206</u>	<u>908,988</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	210,312	209,920
Treasury Shares	(1,772)	(892)
Revaluation Reserve	60,843	61,750
Warrants Reserve	7,294	14,749
Other Reserves	14,519	12,494
Unappropriated Profit	383,709	360,866
TOTAL EQUITY	<u>674,905</u>	<u>658,887</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	41,537	48,526
Lease liabilities	10,302	10,815
Deferred Tax Liabilities	13,913	14,469
	<u>65,752</u>	<u>73,810</u>
Current Liabilities		
Trade and Other Payables	31,002	38,263
Overdraft and Short Term Borrowings	121,473	129,759
Amount Due to An Associate Company	-	89
Derivative Financial Instruments	1	-
Lease liabilities	3,028	2,807
Tax Payable	3,311	1,656
Dividend Payable	3,734	3,717
	<u>162,549</u>	<u>176,291</u>
Total Liabilities	<u>228,301</u>	<u>250,101</u>
TOTAL EQUITY AND LIABILITIES	<u>903,206</u>	<u>908,988</u>
NET ASSETS PER SHARE (RM)	0.90	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 28 FEBRUARY 2021**

	GROUP 28/02/2021 RM'000	GROUP 29/02/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	36,280	46,023
Adjustments for:		
Allowance/(Reversal of allowance) for impairment of receivables (net)	528	(656)
Allowance for slow moving inventories (net)	283	2,123
Depreciation of property, plant and equipment	15,874	14,859
Depreciation of right-of-use assets	3,536	3,431
Interest expense	5,558	9,943
Bad debts written off	396	-
Revaluation loss on property, plant and equipment	-	170
Interest expense on lease liabilities	728	398
Interest income	(1,100)	(1,125)
Gain on disposal of property, plant and equipment	(169)	(326)
Loss on fair value of derivatives financial instruments	1	-
Unrealised exchange loss / (gain) on foreign exchange	241	(923)
Other non-cash items	1,980	1,896
Operating profit before changes in working capital	64,136	75,813
Changes in working capital:-		
Inventories	23,032	48,888
Receivables	13,776	33,370
Payables	(7,408)	(11,182)
Associate company	11,796	906
Cash generated from operations	105,332	147,795
Tax paid (net)	(8,006)	(11,524)
Net cash generated from operating activities	97,326	136,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,100	1,125
Purchase of property, plant and equipment	(5,209)	(12,033)
Proceeds from disposal of property, plant and equipment	227	1,167
Capital work-in-progress incurred	(9,755)	(3,315)
Net cash used in investing activities	(13,637)	(13,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,703)	(14,998)
Proceeds from issuance of share capital	316	1,306
Purchase of treasury shares	(3,749)	(499)
Interest paid	(6,112)	(10,341)
Repayment of lease liabilities	(3,835)	(3,108)
Repayment of short-term borrowings	(8,503)	(61,710)
Drawdown of borrowings	6,623	20,815
Repayment of borrowings	(10,607)	(14,980)
Net cash used in financing activities	(35,570)	(83,515)
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,119	39,700
EFFECT OF EXCHANGE RATE CHANGES	896	(38)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	88,701	49,039
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	137,716	88,701

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 28 FEBRUARY 2021

	← 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	1,622	-	-	-	(316)	-	-	-	1,306
Acquisition of treasury shares	-	(499)	-	-	-	-	-	-	(499)
Share options granted under ESOS	-	-	-	-	1,653	-	-	-	1,653
Distribution of share dividend declared in prior financial year	-	3,778	-	-	-	-	-	(1)	3,777
Final dividend paid to Shareholders	-	-	-	-	-	-	-	(7,499)	(7,499)
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,749)	(3,749)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,750)	(3,750)
Third interim dividend paid to Shareholders	-	-	-	-	-	-	-	(3,718)	(3,718)
Total transactions with owners	1,622	3,279	-	-	1,337	-	-	(18,717)	(12,479)
Profit for the period	-	-	-	-	-	-	-	36,002	36,002
Other comprehensive income for the period	-	-	-	49,616	-	(207)	(745)	250	48,914
Total comprehensive income for the period	-	-	-	49,616	-	(207)	(745)	36,252	84,916
Balance as at 29 February 2020	209,920	(892)	14,749	61,750	4,297	8,102	95	360,866	658,887



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2021 (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	Total Equity 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	383	-	-	-	(75)	-	-	-	308	308
Issuance of shares pursuant to exercise of Warrants	9	-	(1)	-	-	-	-	-	8	8
Transfer of reserves upon expiry of Warrants	-	-	(7,454)	-	-	-	-	7,454	-	-
Acquisition of treasury shares	-	(3,749)	-	-	-	-	-	-	(3,749)	(3,749)
Share options granted under ESOS	-	-	-	-	726	-	-	-	726	726
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 paid to Shareholders	-	-	-	-	-	-	-	(3,735)	(3,735)	(3,735)
Third interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,734)	(3,734)	(3,734)
Total transactions with owners	392	(880)	(7,455)	-	651	-	-	(5,134)	(12,426)	(12,426)
Profit for the period	-	-	-	-	-	-	-	27,070	27,070	27,070
Other comprehensive income for the period	-	-	-	(907)	-	1,462	(88)	907	1,374	1,374
Total comprehensive income for the period	-	-	-	(907)	-	1,462	(88)	27,977	28,444	28,444
Balance as at 28 February 2021	210,312	(1,772)	7,294	60,843	4,948	9,564	7	383,709	674,905	674,905



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 after 1 January 2021

- Amendments to MFRS 4 – *Insurance Contracts*
- Amendments to MFRS 7 – *Financial Instruments: Disclosures*
- Amendments to MFRS 9 – *Financial Instruments*
- Amendments to MFRS 16 – *Leases*
- Amendments to MFRS 139 – *Financial Instruments: Recognition and Measurement*



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 after 1 January 2022

- Amendments to MFRS 3 – *Business Combinations*
- 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) MFRS and Amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 17 – *Insurance Contracts*
- Amendment to MFRS 101 – *Presentation of Financial Statements*
- Amendment to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors*

(v) 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 10,291,000 ordinary share or 1.37% 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 747,082,779 ordinary shares.

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

During the current financial year-to-date under review, 744,000 number of ordinary shares were issued under the Company's ESOS.

c) Warrants 2010/2020 ("Warrant A")

During the current financial year-to-date under review, a total of 15,200 units of Warrant A were exercised at the exercised price of RM0.50 per unit.

The Warrant A had expired on 21 December 2020.



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
Second Interim dividend in respect of financial year ended 28 February 2021, paid on 15 January 2021 Single tier dividend of 0.5 sen per ordinary share	3,735	
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	3,718	
Second Interim dividend in respect of financial year ended 29 February 2020, paid on 17 January 2020 Single tier dividend of 0.5 sen per ordinary share		3,750
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		3,776
	12,572	18,776

Subsequent to the interim financial period ended 28 February 2021, the Company had on 16 April 2021 paid a third interim single tier dividend of 0.50 sen per ordinary share in respect of financial year ended 28 February 2021, amounting to approximately RM3.73 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 28 February 2021					
Revenue					
External Revenue	272,325	213,618	-	-	485,943
Intersegment revenue	20,717	40,322	27,197	(88,236)	-
Total revenue	293,042	253,940	27,197	(88,236)	485,943
Segment Profit	32,605	10,237	24,266	(24,962)	42,146
Interest income					1,100
Finance costs					(6,909)
Share of loss in associate					(57)
Profit before tax					36,280

	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 29 February 2020					
Revenue					
External Revenue	346,137	256,406	-	-	602,543
Intersegment revenue	35,644	44,658	20,611	(100,913)	-
Total revenue	381,781	301,064	20,611	(100,913)	602,543
Segment Profit	54,195	13,130	19,014	(30,300)	56,039
Interest income					1,125
Finance costs					(11,178)
Share of profit in associate					37
Profit before tax					46,023

* 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	545,025	667,490
Generated by overseas operation	29,154	35,966
	574,179	703,456
Inter-segments elimination	(88,236)	(100,913)
	485,943	602,543

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: -

	28 February 2021
	RM'000
Corporate guarantees	<u>574,770</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 28 February 2021 are as follows:

	28 February 2021
	RM'000
Approved and contracted for	<u>3,910</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 12 months to	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
	RM'000	RM'000	RM'000	RM'000
Trading	72,961	89,154	272,325	346,137
Manufacturing	62,969	54,822	213,618	256,406
Investment and Management	-	-	-	-
Consolidated Total	135,930	143,976	485,943	602,543

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 12 months to	
	28-Feb-21	29-Feb-20	28-Feb-21	29-Feb-20
	RM'000	RM'000	RM'000	RM'000
Trading	13,931	9,466	31,989	38,991
Manufacturing	5,250	1,639	10,893	12,734
Investment and Management	(2,530)	(1,529)	(6,602)	(5,702)
Consolidated Total	16,651	9,576	36,280	46,023

Trading Division

For the current quarter ended 28 February 2021, the trading division recorded lower external revenue of RM72.96 million (Q4FY20: RM89.15 million) but a higher segment profit before tax of RM13.93 million (Q4FY20: RM9.47 million), a decrease of approximately RM16.19 million (18.16%) and an increase of RM4.46 million (47.10%) respectively.

The lower revenue was mainly due to the decrease in sales demand in local oil and gas sectors for the current quarter ended 28 February 2021. Despite the lower sales demand, the better product mix and lower operating expenses has contributed a higher segment profit before tax for the current quarter ended 28 February 2021.

For the 12 months ended 28 February 2021, the trading division recorded lower external revenue of RM272.33 million (12 months FY20: RM346.14 million) and lower profit before tax of RM31.99 million (12 months FY20: RM38.99 million), a decrease of approximately RM73.81 million (21.32%) and RM7 million (17.95%) 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 12 months ended 28 February 2021 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 28 February 2021, the manufacturing division recorded higher external revenue of RM62.97 million (Q4FY20: RM54.82 million) and a higher segment profit before tax of RM5.25 million (Q4FY20: RM1.64 million), an increase of approximately RM8.15 million (14.87%) and RM3.61 million (220.12%) respectively.

The higher revenue for the current quarter was mainly due to the increase in sales demand from export markets of stainless steel manufacturing division. The higher segment profit before tax was mainly due to higher sales contribution and better product mix.

For the 12 months ended 28 February 2021, the manufacturing division recorded lower external revenue of RM213.62 million (12 months FY20: RM256.41 million) and lower profit before tax of RM10.89 million (12 months FY20: RM12.73 million), a decrease of approximately RM42.79 million (16.69%) and RM1.84 million (14.45%) respectively.

The lower revenue and segment profit before tax for the current 12 months ended 28 February 2021 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 28 February 2021, the Group registered a lower revenue of RM135.93 million (Q4FY20: RM143.98 million) but a higher profit before tax ("PBT") of RM16.65 million (Q4FY20: RM9.58 million). The higher profit before tax was mainly attributable to better product mix by both trading and manufacturing division.

For the 12 months ended 28 February 2021, the Group registered a lower revenue of RM485.94 million (12 months FY20: RM602.54 million) and profit before tax of RM36.28 million (12 months FY20: RM46.02 million). The weaker performance was mainly due to certain subsidiaries were unable to operate during the Movement Control Order imposed by Government of Malaysia.



INTERIM FINANCIAL REPORT

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

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a marginal increase in revenue of RM135.93 million compared to the preceding quarter of RM133.04 million, and higher profit after taxation ("PAT") of RM13.15 million compared to preceding quarter of RM8.75 million. The higher PAT was mainly due to better product mix and lower operating expenses.

B3 Prospects

The current Covid-19 vaccine roll out around the world and Malaysia is expected to bring positive impact to business confidence and in turn, an improved economic activities that lead to projected economic recovery and positive oil demand. Thus, the Group believe the demands for our products will improve in both domestic and international market.

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.

Barring further unforeseen circumstances, the Group is optimistic on it's overall performance for the next financial year in view of rising oil and gas prices and the availability of Covid-19 vaccines.

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.



INTERIM FINANCIAL REPORT

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

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 28-Feb-21 RM'000	Preceding Year Corresponding Quarter 29-Feb-20 RM'000	Current Year To Date 28-Feb-21 RM'000	Preceding Year Corresponding Period 29-Feb-20 RM'000
Current taxation	2,733	2,842	9,992	10,994
(Over) / under provision in prior year	0	(195)	(212)	(654)
Transferred from/(to) deferred tax assets	832	296	(303)	473
Transferred to/(from) deferred tax liabilities	0	(731)	0	(731)
Crystallization of deferred taxation upon depreciation of revalued assets	(67)	(15)	(267)	(61)
	3,498	2,197	9,210	10,021

Tax expense for the current quarter and financial year-to-date ended 28 February 2021 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.



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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	16,158	41,537
- Bankers' acceptances, trust receipts and other short term loan	91,830	-
- Foreign currency loan	13,485	-
	<u>121,473</u>	<u>41,537</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	2,819	11,403
GBP Pound	369	2,082

<u>Lease Liabilities</u>	Current RM'000	Non-current RM'000
Lease Liabilities	<u>3,028</u>	<u>10,302</u>

B8 Material Litigation

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

B9 Dividends

The Board of Directors is proposing for the shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 0.5 sen per ordinary share and a special final single tier dividend of 0.5 sen per ordinary share in respect of the financial year ending 28 February 2021. The details of the entitlement date for the dividend will be announced later.

There was no final dividend declared for the previous financial year ended 29 February 2020.



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

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-21 RM'000	29-Feb-20 RM'000	28-Feb-21 RM'000	29-Feb-20 RM'000
Net profit attributable to owners of the Company	13,153	7,379	27,070	36,002
Weighted average number of ordinary share in issue ('000)	745,547	749,434	745,547	749,434
Basic earnings per ordinary share (sen)	1.76	0.98	3.63	4.80

b) Diluted Earnings per Share

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



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
	28-Feb-21 RM'000	29-Feb-20 RM'000	28-Feb-21 RM'000	29-Feb-20 RM'000
Net profit attributable to owners of the Company:	13,153	7,379	27,070	36,002
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	745,547	749,434	745,547	749,434
Adjustment for dilutive effect on exercise of Warrants ('000)	-	-	-	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	2,259	4,438	2,259	4,438
	747,806	753,872	747,806	753,872
Diluted earnings per ordinary share (sen)	1.76	0.98	3.62	4.78

B11 Share Buy Back

As at end of current quarter, a total of 4,675,093 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 RM0.38 per share.



INTERIM FINANCIAL REPORT

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

B12 Derivative Financial Instruments

	As at 28-Feb-21	
	Contract/ Notional amount RM'000	Fair value Assets RM'000
Hedging derivatives: -		
Cash flow hedges		
- Cross Currency Swap	516	7
		RM'000
<u>Analysed as: -</u>		
Within 1 year		7
More than 1 year but less than 5 years		-
		<u>7</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 RM88,000 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 28-Feb-21 RM'000	Financial Year Ended 28-Feb-21 RM'000
Interest income	289	1,100
Other income including investment income	21	461
Interest expense	(1,281)	(6,286)
Depreciation and amortization	(4,897)	(19,410)
(Allowance)/Reversal for impairment and write off of receivables	3,257	(924)
(Allowance)/Reversal for slow moving and write off of inventories	16	(283)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	156	169
Impairment of Goodwill	(1,194)	(1,194)
Realised foreign exchange loss	(794)	(2,051)
Unrealised foreign exchange gain/(loss)	15	(241)
Gain/(loss) on derivatives	(4)	-
Exceptional items	-	-

Date: 28 April 2021