



PANTECH GROUP HOLDINGS BERHAD

Company No. 200601013856 (733607-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 AUGUST 2021**

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2021 RM'000	Preceding Year Corresponding Quarter 31/08/2020 RM'000	Current Year To Date 31/08/2021 RM'000	Preceding Year Corresponding Period 31/08/2020 RM'000
Revenue	136,490	136,310	284,990	216,973
Operating Expenses	(118,028)	(121,220)	(248,181)	(205,076)
Other Operating Income	3,266	313	4,919	837
Profit from Operations	21,728	15,403	41,728	12,734
Finance Cost	(1,591)	(1,878)	(3,080)	(3,847)
Share of profit / (loss) in associate company	122	(3)	251	9
Profit before taxation	20,259	13,522	38,899	8,896
Taxation	(4,954)	(2,801)	(8,404)	(3,726)
Profit for the period	15,305	10,721	30,495	5,170
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	486	1,092	2,572	1,098
Realisation of revaluation reserve upon depreciation of revalued asset	225	226	452	453
Transfer of revaluation reserve to unappropriated profit	(225)	(226)	(452)	(453)
Fair value loss on cash flow hedge	-	(1)	(7)	(69)
Total comprehensive income for the period	15,791	11,812	33,060	6,199
Profit for the period attributable to:				
Owners of the Company	15,305	10,721	30,495	5,170
Non-controlling interest	-	-	-	-
	15,305	10,721	30,495	5,170
Total comprehensive income for the period attributable to:				
Owners of the Company	15,791	11,812	33,060	6,199
Non-controlling interest	-	-	-	-
	15,791	11,812	33,060	6,199
Earnings per share				
(a) Basic earnings per ordinary share (sen)	2.02	1.44	4.03	0.69
(b) Diluted earnings per ordinary share (sen)	1.99	1.44	3.97	0.69

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 2021 and the accompanying explanatory notes attached to the interim financial reports.



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2021

	31/08/2021 Unaudited	28/02/2021 Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	325,230	330,781
Capital Work-in-progress	13,595	10,086
Investment Properties	6,300	6,300
Investment In An Associate Company	3,012	2,761
Deferred Tax Assets	3	3
	<u>348,140</u>	<u>349,931</u>
Current Assets		
Inventories	334,566	289,084
Trade and Other Receivables	120,476	105,586
Amount Due from An Associate Company	35,367	23,826
Derivatives Financial Instruments	-	6
Fixed Deposits with Licensed Banks	2,678	2,665
Cash and Bank Balances	168,130	135,051
	<u>661,217</u>	<u>556,218</u>
TOTAL ASSETS	<u>1,009,357</u>	<u>906,149</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	225,049	210,312
Treasury Shares	(4,714)	(1,772)
Revaluation Reserve	60,214	60,666
Warrants Reserve	6,043	7,294
Other Reserves	15,768	14,661
Unappropriated Profit	402,680	383,262
TOTAL EQUITY	<u>705,040</u>	<u>674,423</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	38,305	41,539
Lease liabilities	9,933	10,301
Deferred Tax Liabilities	14,660	14,620
	<u>62,898</u>	<u>66,460</u>
Current Liabilities		
Trade and Other Payables	55,798	34,724
Overdraft and Short Term Borrowings	164,534	121,476
Lease liabilities	2,967	3,025
Tax Payable	6,592	2,288
Dividend Payable	11,528	3,753
	<u>241,419</u>	<u>165,266</u>
Total Liabilities	<u>304,317</u>	<u>231,726</u>
TOTAL EQUITY AND LIABILITIES	<u>1,009,357</u>	<u>906,149</u>
NET ASSETS PER SHARE (RM)	0.91	0.90

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 2021 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 31 AUGUST 2021**

	GROUP 31/08/2021 RM'000	GROUP 31/08/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	38,899	8,896
Adjustments for:		
(Reversal of allowance) / Allowance for impairment of receivables (net)	(2,801)	1,588
Allowance / (Reversal of allowance) for slow moving inventories	78	(239)
Depreciation of property, plant and equipment	7,939	7,798
Depreciation of right-of-use assets	1,672	1,837
Interest expense	2,209	3,214
Bad debts written off	239	396
Interest expense on lease liabilities	355	363
Interest income	(746)	(549)
Gain on disposal of property, plant and equipment	(30)	(13)
Gain on fair value of derivatives financial instruments	(1)	(4)
Unrealised exchange (gain) / loss on foreign exchange	(628)	366
Other non-cash items	(98)	387
Operating profit before changes in working capital	47,087	24,040
Changes in working capital:-		
Inventories	(45,559)	10,630
Receivables	(12,239)	11,243
Payables	21,054	(6,320)
Associate company	(11,541)	10,034
Cash (used in) / generated from operations	(1,198)	49,627
Tax paid (net)	(4,071)	(3,166)
Net cash (used in) / generated from operating activities	(5,269)	46,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	746	549
Purchase of property, plant and equipment	(3,646)	(3,438)
Proceeds from disposal of property, plant and equipment	118	39
Capital work-in-progress incurred	(3,508)	(1,700)
Net cash used in investing activities	(6,290)	(4,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,753)	(3,717)
Proceeds from issuance of share capital	11,875	3
Purchase of treasury shares	(2,942)	(2,305)
Interest paid	(2,007)	(3,081)
Repayment of lease liabilities	(1,551)	(400)
Drawdown / (repayment) of short-term borrowings	43,372	(4,281)
Drawdown of borrowings	5,773	-
Repayment of borrowings	(8,193)	(3,835)
Net cash generated / (used in) from financing activities	42,574	(17,616)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,015	24,295
EFFECT OF EXCHANGE RATE CHANGES	2,077	778
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	137,716	88,701
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	170,808	113,774

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 2021 and the accompanying explanatory notes attached to the interim financial reports.



PANTECH GROUP HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 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 2020	209,920	(892)	14,749	61,750	4,297	8,102	95	360,866	658,887
Transactions with owners:									
Issuance of shares pursuant to exercise of ESOS	4	-	-	-	(1)	-	-	-	3
Acquisition of treasury shares	-	(2,305)	-	-	-	-	-	-	(2,305)
Share options granted under ESOS	-	-	-	-	394	-	-	-	394
Fourth interim share dividend distributed to shareholders	-	2,869	-	-	-	-	-	(2,869)	-
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(2,250)	(2,250)
Total transactions with owners	4	564	-	-	393	-	-	(5,119)	(4,158)
Profit for the period	-	-	-	-	-	-	-	5,170	5,170
Other comprehensive income for the period	-	-	-	(453)	-	1,098	(69)	453	1,029
Total comprehensive income for the period	-	-	-	(453)	-	1,098	(69)	5,623	6,199
Balance as at 31 August 2020	209,924	(328)	14,749	61,297	4,690	9,200	26	361,370	660,928

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 2021 and the accompanying explanatory notes attached to the interim financial reports



PANTECH GROUP HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 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 2021	210,312	(1,772)	7,294	60,666	4,949	9,705	7	383,262	674,423	674,423
Transactions with owners:										
Issuance of shares pursuant to exercise of ESOS	8,270	-	-	-	(1,611)	-	-	-	6,659	6,659
Issuance of shares pursuant to exercise of Warrants	6,467	-	(1,251)	-	-	-	-	-	5,216	5,216
Acquisition of treasury shares	-	(2,942)	-	-	-	-	-	-	(2,942)	(2,942)
Share options granted under ESOS	-	-	-	-	153	-	-	-	153	153
Final dividend payable to Shareholders	-	-	-	-	-	-	-	(7,676)	(7,676)	(7,676)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,853)	(3,853)	(3,853)
Total transactions with owners	14,737	(2,942)	(1,251)	-	(1,458)	-	-	(11,529)	(2,443)	(2,443)
Profit for the period	-	-	-	-	-	-	-	30,495	30,495	30,495
Other comprehensive income for the period	-	-	-	(452)	-	2,572	(7)	452	2,565	2,565
Total comprehensive income for the period	-	-	-	(452)	-	2,572	(7)	30,947	33,060	33,060
Balance as at 31 August 2021	225,049	(4,714)	6,043	60,214	3,491	12,277	-	402,680	705,040	705,040

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 2021 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation

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

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

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2021. 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 2021.

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 28 February 2021, 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 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



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)

(ii) MFRS and Amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 4 – *Insurance Contracts**
- Amendments to MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 112 – *Income Taxes*

(iii) 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*

*Not applicable to the Group's and the Company's operations

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 28 February 2021 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 5,909,700 ordinary share or 0.76% 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 767,588,159 ordinary shares.

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

During the current financial year-to-date under review, 15,984,550 number of ordinary shares were issued under the Company's ESOS.

c) Warrants 2016/2021 ("Warrant B")

During the current financial year-to-date under review, a total of 10,430,530 units of Warrant B were exercised at the exercised price of RM0.50 per unit.



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
Third interim dividend in respect of financial year ended 28 February 2021, paid on 16 April 2021 Single tier dividend of 0.50 sen per ordinary share	3,753	
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
	3,753	6,586

Subsequent to the interim financial period ended 31 August 2021, the Company had on 10 September 2021 distributed final single tier dividend of 0.50 sen per ordinary share and special final single tier dividend of 0.50 sen per ordinary share in respect of financial year ended 28 February 2021, amounting to approximately RM7.68 million. Subsequently, a first interim single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 28 February 2022, amounting to approximately RM3.85 million was paid on 8 October 2021.



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 31 August 2021					
Revenue					
External Revenue	146,303	138,687	-	-	284,990
Intersegment revenue	10,363	20,467	5,577	(36,407)	-
Total revenue	156,666	159,154	5,577	(36,407)	284,990
Segment Profit	23,231	17,024	5,290	(4,563)	40,982
Interest income					746
Finance costs					(3,080)
Share of profit in associate					251
Profit before tax					38,899
	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 31 August 2020					
Revenue					
External Revenue	123,636	93,337	-	-	216,973
Intersegment revenue	12,968	16,148	13,589	(42,705)	-
Total revenue	136,604	109,485	13,589	(42,705)	216,973
Segment Profit	11,598	(348)	12,453	(11,518)	12,185
Interest income					549
Finance costs					(3,847)
Share of profit in associate					9
Profit before tax					8,896

* 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	307,433	242,819
Generated by overseas operation	13,964	16,859
	321,397	259,678
Inter-segments elimination	(36,407)	(42,705)
	284,990	216,973

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 28 February 2021.

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: -

	31 August 2021
	RM'000
Corporate guarantees	<u>579,387</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 31 August 2021 are as follows:

31 August 2021
RM'000

Approved and contracted for

872



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 6 months to	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Trading	72,329	74,591	146,303	123,636
Manufacturing	64,161	61,719	138,687	93,337
Investment and Management	-	-	-	-
Consolidated Total	136,490	136,310	284,990	216,973

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 6 months to	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Trading	12,936	8,697	22,924	11,198
Manufacturing	8,592	6,192	17,577	100
Investment and Management	(1,269)	(1,367)	(1,602)	(2,402)
Consolidated Total	20,259	13,522	38,899	8,896

Trading Division

For the current quarter ended 31 August 2021, the trading division recorded marginal lower external revenue of RM72.33 million (Q2FY21: RM74.59 million) but a higher segment profit before tax of RM12.94 million (Q2FY21: RM8.70 million), a marginal decrease in sales of RM2.26 million (3.03%) and increase in profit before tax of RM4.24 million (48.74%) respectively.

Despite marginal lower sales, the better product mix and the higher product price has contributed to a higher segment profit for the current quarter ended 31 August 2021.

For the 6 months ended 31 August 2021, the trading division recorded higher external revenue of RM146.30 million (6 months FY21: RM123.64 million) and a higher segment profit before tax of RM22.92 million (6 months FY21: RM11.20 million), an increase of approximately RM22.66 million (18.33%) and RM11.72 million (104.64%) 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 higher revenue and segment profit before tax was mainly due to optimised trading operations during current 6 months period compared to partial operation restricted by MCO imposed by the government last year. In addition, a better product mix and higher product price has contributed to a higher segment profit before tax for the 6 months ended 31 August 2021.

Manufacturing Division

For the current quarter ended 31 August 2021, the manufacturing division recorded higher external revenue of RM64.16 million (Q2FY21: 61.72 million) and a higher segment profit before tax of RM8.59 million (Q2FY21: 6.19 million), an increase of approximately RM2.44 million (3.95%) and RM2.40 million (38.77%) respectively.

For the 6 months ended 31 August 2021, the manufacturing division recorded higher external revenue of RM138.69 million (6 months FY21: RM93.34 million) and a higher segment profit before tax of RM17.58 million (6 months FY21: RM0.10 million), an increase of approximately RM45.35 million (48.59%) and RM17.48 million (17,480%) respectively.

The higher revenue and segment profit before tax for the current quarter and 6 months ended 31 August 2021 was mainly due to optimised manufacturing operations during 6 months to meet robust export demand compared to partial operation restricted by MCO imposed by the government last year. In addition, a better product mix and higher product price has contributed a higher segment profit before tax for the 6 months ended 31 August 2021.

Investment and Management Division

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

Group Performance

For the current quarter ended 31 August 2021, the Group registered a comparable revenue of RM136.49 million (Q2FY21: RM136.31 million) and a higher profit before tax ("PBT") of RM20.26 million (Q2FY21: RM13.52 million).

For the 6 months ended 31 August 2021, the Group registered a higher revenue of RM284.99 million (6 months FY21: RM216.97 million) and a higher PBT of RM38.90 million (6 months FY21: RM8.90 million).

The higher revenue and PBT for the current quarter and 6 months period was mainly due to optimised trading and manufacturing operations, robust export demand and higher product prices.



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 lower revenue of RM136.49 million compared to the preceding quarter of RM148.50 million, but higher profit after taxation ("PAT") of RM15.30 million compared to preceding quarter of RM15.19 million. Despite the lower revenue caused by capacity restriction under National Recovery Plan, the group achieve a higher PAT mainly due to better product mix and higher product prices.

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 current 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 Quarter 31-Aug-21 RM'000	Preceding Year Corresponding Quarter 31-Aug-20 RM'000	Current Year To Date 31-Aug-21 RM'000	Preceding Year Corresponding Period 31-Aug-20 RM'000
Current taxation	4,800	3,039	8,401	4,238
(Over) / under provision in prior year	0	0	(27)	0
Transferred from/(to) deferred tax assets	220	(171)	163	(378)
Crystallization of deferred taxation upon depreciation of revalued assets	(66)	(67)	(133)	(134)
	4,954	2,801	8,404	3,726

Tax expense for the current quarter and financial year-to-date ended 31 August 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 lower than the statutory rate, mainly due to utilization 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.



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	15,847	38,305
- Bankers' acceptances, trust receipts and other short term loan	121,751	-
- Foreign currency loan	26,936	-
	<u>164,534</u>	<u>38,305</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	6,274	26,494
GBP Pound	76	442

<u>Lease Liabilities</u>	Current RM'000	Non-current RM'000
Lease Liabilities	<u>2,967</u>	<u>9,933</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 has approved and declared a second interim single tier dividend of 1.00 sen per ordinary share in respect of the financial year ending 28 February 2022 (Preceding year corresponding quarter: 0.50 sen). The second interim dividend will be paid on 23 December 2021 to shareholders whose name appear on the Company's Record of Depositors on 30 November 2021.

The total dividend per share for the current financial year is 1.50 sen single per dividend per ordinary share (Preceding year corresponding period: 0.80 sen).



INTERIM FINANCIAL REPORT

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
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to owners of the Company	15,305	10,721	30,495	5,170
Weighted average number of ordinary share in issue ('000)	757,509	744,113	757,509	744,113
Basic earnings per ordinary share (sen)	2.02	1.44	4.03	0.69

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 and Warrants.



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 31-Aug-21 RM'000	Preceding Year Corresponding Quarter 31-Aug-20 RM'000	Current Year To Date 31-Aug-21 RM'000	Preceding Year Corresponding Period 31-Aug-20 RM'000
Net profit attributable to owners of the Company:	15,305	10,721	30,495	5,170
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	757,509	744,113	757,509	744,113
Adjustment for dilutive effect on exercise of Warrants ('000)	4,264	-	4,264	-
Adjustment for dilutive effect on exercise of ESOS options ('000)	5,716	-	5,716	-
	767,489	744,113	767,489	744,113
Diluted earnings per ordinary share (sen)	1.99	1.44	3.97	0.69

B11 Share Buy Back

As at end of current quarter, a total of 10,584,793 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 RM0.44 per share.



INTERIM FINANCIAL REPORT

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

B12 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-Aug-21 RM'000	Financial Year Ended 31-Aug-21 RM'000
Interest income	375	746
Other income including investment income	30	88
Interest expense	(1,264)	(2,564)
Depreciation and amortization	(4,773)	(9,611)
Reversal of impairment and write off of receivables	3,330	2,562
Allowance for slow moving and write off of inventories	(140)	(78)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	13	30
Realised foreign exchange gain	870	1,955
Unrealised foreign exchange gain	633	628
Gain on derivatives	-	1
Exceptional items	-	-

Date: 21 October 2021