



## INTERIM FINANCIAL REPORT

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Fourth Quarter		Cumulative Quarter	
	Current Year Quarter 28/02/2017 RM'000	Preceding Year Corresponding Quarter 29/02/2016 RM'000	Current Year To Date 28/02/2017 RM'000	Preceding Year Corresponding Period 29/02/2016 RM'000
<b>Revenue</b>	<b>152,580</b>	<b>109,239</b>	<b>479,412</b>	<b>513,293</b>
Operating Expenses	(136,484)	(98,294)	(440,640)	(461,038)
Other Operating Income	1,554	2,150	8,858	9,387
<b>Profit from Operations</b>	<b>17,650</b>	<b>13,095</b>	<b>47,630</b>	<b>61,642</b>
Finance Cost	(1,778)	(1,757)	(6,979)	(8,362)
Share of (loss)/profit in associate company	(27)	(188)	38	(311)
Share of (loss)/profit in joint venture company	(3)	7	(11)	107
<b>Profit before taxation</b>	<b>15,842</b>	<b>11,157</b>	<b>40,678</b>	<b>53,076</b>
Taxation	(5,431)	(3,861)	(11,107)	(15,131)
<b>Profit for the period</b>	<b>10,411</b>	<b>7,296</b>	<b>29,571</b>	<b>37,945</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	1,966	(6,977)	(3,416)	6,941
Revaluation of property, plant and equipment and tax effect on items that will not be reclassified to profit or loss	-	8,974	-	8,974
Realisation of revaluation reserve upon depreciation of revalued asset	55	62	152	123
Transfer of revaluation reserve to unappropriated profit	(55)	(62)	(152)	(123)
Fair value gain on cash flow hedge	1,171	1,965	1,258	1,958
<b>Total comprehensive income for the period</b>	<b>13,548</b>	<b>11,258</b>	<b>27,413</b>	<b>55,818</b>
<b>Profit/(loss) for the period attributable to:</b>				
Owners of the Company	11,270	7,323	30,880	37,972
Non-controlling interest	(859)	(27)	(1,309)	(27)
	<b>10,411</b>	<b>7,296</b>	<b>29,571</b>	<b>37,945</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	14,407	11,285	28,722	55,845
Non-controlling interest	(859)	(27)	(1,309)	(27)
	<b>13,548</b>	<b>11,258</b>	<b>27,413</b>	<b>55,818</b>
<b>Earnings per share</b>				
(a) Basic earnings per ordinary share (sen)	<b>1.53</b>	<b>1.00</b>	<b>4.19</b>	<b>5.19</b>
(b) Diluted earnings per ordinary share (sen)	<b>1.44</b>	<b>1.00</b>	<b>3.94</b>	<b>5.19</b>

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 2016 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 2017**

	28/02/2017	29/02/2016
	Unaudited	Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	199,987	199,755
Prepaid Land Lease Payments	33,716	26,844
Investment Properties	6,600	6,500
Investment In An Associate Company	2,272	2,234
Investment In A Joint Venture Company	-	797
Capital Work-in-progress	28,566	10,260
Derivatives Financial Instruments	3,276	-
Goodwill on Acquisition	1,282	1,282
Deferred Tax Assets	892	1,413
	<u>276,591</u>	<u>249,085</u>
<b>Current Assets</b>		
Inventories	262,383	253,368
Trade and Other Receivables	149,980	119,582
Amount Due from An Associate Company	11,055	17,323
Derivatives Financial Instruments	1,344	3,998
Fixed Deposits with Licensed Banks	2,416	2,352
Cash and Bank Balances	89,180	74,599
	<u>516,358</u>	<u>471,222</u>
<b>TOTAL ASSETS</b>	<u>792,949</u>	<u>720,307</u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	147,919	123,294
Share Premium	56,009	80,634
Treasury Shares	(554)	(2,949)
Revaluation Reserve	12,603	12,755
Warrants Reserve	14,869	7,482
Other Reserves	16,242	17,440
Unappropriated Profit	279,197	270,640
<b>Equity attributable to owners of the Parent</b>	<u>526,285</u>	<u>509,296</u>
Non-Controlling Interest	8,464	(27)
<b>Total Equity</b>	<u>534,749</u>	<u>509,269</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	48,933	40,317
Other Payables	276	263
Deferred Tax Liabilities	5,827	5,892
	<u>55,036</u>	<u>46,472</u>
<b>Current Liabilities</b>		
Trade and Other Payables	82,735	38,102
Overdraft and Short Term Borrowings	114,973	119,348
Amount Due to A Joint Venture Company	-	802
Amount Due to An Associate Company	270	253
Derivative Financial Instruments	99	727
Tax Payable	2,871	2,275
Dividend Payable	2,216	3,059
	<u>203,164</u>	<u>164,566</u>
<b>Total Liabilities</b>	<u>258,200</u>	<u>211,038</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>792,949</u>	<u>720,307</u>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.71</b>	<b>0.83</b>

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 2016 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 2017

	<b>GROUP</b> <b>28/02/2017</b> <b>RM'000</b>	GROUP 29/02/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>40,678</b>	53,076
Adjustments for:		
(Reversal of allowance)/allowance for impairment of receivables	<b>(1,769)</b>	27
Allowance /(reversal of allowance) for slow moving inventories	<b>623</b>	(1,320)
Amortisation of prepaid land lease payments	<b>571</b>	323
Depreciation of property, plant and equipment	<b>13,888</b>	14,525
Interest expense	<b>5,782</b>	7,316
Interest income	<b>(1,012)</b>	(229)
Gain on disposal of investment in a joint venture company	<b>(46)</b>	-
(Gain)/loss on disposal of property, plant and equipment	<b>(945)</b>	435
Fair value gain adjustment on investment properties	<b>(100)</b>	(1,670)
Unrealised exchange gain on foreign exchange	<b>(223)</b>	(799)
Other non-cash items	<b>948</b>	377
<b>Operating profit before changes in working capital</b>	<b>58,395</b>	72,061
Changes in working capital:-		
Inventories	<b>(9,639)</b>	37,330
Receivables	<b>(27,854)</b>	30,997
Payables	<b>44,647</b>	(13,235)
Associate company	<b>6,285</b>	(11,056)
Joint Venture Company	<b>(802)</b>	146
<b>Cash generated from operations</b>	<b>71,032</b>	116,243
Tax paid (net)	<b>(10,506)</b>	(14,853)
<b>Net cash generated from operating activities</b>	<b>60,526</b>	101,390
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>1,009</b>	229
Purchase of property, plant and equipment	<b>(15,337)</b>	(7,541)
Proceeds from disposal of property, plant and equipment	<b>2,679</b>	8,138
Proceeds from disposal of investment in a joint venture company	<b>867</b>	-
Capital work-in-progress incurred	<b>(18,305)</b>	(12,136)
Proceed from non-controlling interests	<b>2,588</b>	-
Purchase of prepaid land lease payment	<b>(231)</b>	-
<b>Net cash used in investing activities</b>	<b>(26,730)</b>	(11,310)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(12,263)</b>	(13,391)
Proceeds from issuance of share capital	<b>-</b>	968
Purchase of treasury shares	<b>(1,273)</b>	(2,794)
Interest paid	<b>(5,765)</b>	(7,355)
Repayment of short-term borrowings	<b>(1,166)</b>	(28,856)
Drawdown of borrowings	<b>28,687</b>	-
Repayment of borrowings	<b>(24,705)</b>	(24,012)
<b>Net cash used in financing activities</b>	<b>(16,485)</b>	(75,440)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17,311</b>	14,640
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(2,666)</b>	4,635
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>76,951</b>	57,676
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>91,596</b>	76,951

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 2016 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 2017

	← Attributable to Owners of the Company →											Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	← Non-Distributable →						Distributable							
	Share Capital RM'000	Share Application Money RM'000	Share Premium RM'000	Treasury Shares RM'000	ICULS- Equity component 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			
<b>Balance as at 1 March 2015</b>	120,597	7	74,744	(4,139)	4,821	7,482	3,904	94	7,237	1,304	251,355	467,406	-	467,406
<b>Transactions with owners:</b>														
Issuance of shares pursuant to exercise of ESOS	291	(7)	1,077	-	-	-	-	(94)	-	-	(299)	968	-	968
Issuance of shares pursuant to conversion of ICULS	2,406	-	4,813	-	(4,821)	-	-	-	-	-	(1,657)	741	-	741
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	#	#
Acquisition of treasury shares	-	-	-	(2,794)	-	-	-	-	-	-	-	(2,794)	-	(2,794)
Final dividend paid to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,057)	(3,057)	-	(3,057)
Final share dividend distributed to Shareholders	-	-	-	3,984	-	-	-	-	-	-	(3,984)	-	-	-
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,075)	(3,075)	-	(3,075)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,679)	(3,679)	-	(3,679)
Third interim dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	-	(3,059)	(3,059)	-	(3,059)
<b>Total transactions with owners</b>	<b>2,697</b>	<b>(7)</b>	<b>5,890</b>	<b>1,190</b>	<b>(4,821)</b>	<b>-</b>	<b>-</b>	<b>(94)</b>	<b>-</b>	<b>-</b>	<b>(18,810)</b>	<b>(13,955)</b>	<b>-</b>	<b>(13,955)</b>
Profit for the period	-	-	-	-	-	-	-	-	-	-	37,972	37,972	(27)	37,945
Other comprehensive income for the period	-	-	-	-	-	-	8,851	-	6,941	1,958	123	17,873	-	17,873
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,851</b>	<b>-</b>	<b>6,941</b>	<b>1,958</b>	<b>38,095</b>	<b>55,845</b>	<b>(27)</b>	<b>55,818</b>
<b>Balance as at 29 February 2016</b>	<b>123,294</b>	<b>-</b>	<b>80,634</b>	<b>(2,949)</b>	<b>-</b>	<b>7,482</b>	<b>12,755</b>	<b>-</b>	<b>14,178</b>	<b>3,262</b>	<b>270,640</b>	<b>509,296</b>	<b>(27)</b>	<b>509,269</b>

Note: # RM 49.00

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial reports



**PANTECH GROUP HOLDINGS BERHAD**

Company No. 733607 W  
(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2017 (continued)**

	← Attributable to Owners of the Company →											
	← Non-Distributable →					→ Distributable						
	Share Capital	Share Premium	Treasury Shares	Warrants Reserve	Revaluation Reserve	Share Option Reserve	Exchange Translation Reserve	Cash Flow Hedge Reserve	Unappropriated Profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 March 2016</b>	123,294	80,634	(2,949)	7,482	12,755	-	14,178	3,262	270,640	509,296	(27)	509,269
<b>Transactions with owners:</b>												
Issuance of ordinary shares pursuant to Bonus Issue	24,625	(24,625)	-	-	-	-	-	-	-	-	-	-
Issuance of warrants pursuant to Bonus Issue	-	-	-	7,387	-	-	-	-	(7,387)	-	-	-
Increase share capital in subsidiary	-	-	-	-	-	-	-	-	-	-	9,800	9,800
Acquisition of treasury shares	-	-	(1,273)	-	-	-	-	-	-	(1,273)	-	(1,273)
Share options granted under ESOS	-	-	-	-	-	960	-	-	-	960	-	960
Final dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,048)	(3,048)	-	(3,048)
Final share dividend distributed to Shareholders	-	-	3,668	-	-	-	-	-	(3,668)	-	-	-
First interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,078)	(3,078)	-	(3,078)
Second interim dividend paid to Shareholders	-	-	-	-	-	-	-	-	(3,078)	(3,078)	-	(3,078)
Third interim dividend payable to Shareholders	-	-	-	-	-	-	-	-	(2,216)	(2,216)	-	(2,216)
<b>Total transactions with owners</b>	<b>24,625</b>	<b>(24,625)</b>	<b>2,395</b>	<b>7,387</b>	<b>-</b>	<b>960</b>	<b>-</b>	<b>-</b>	<b>(22,475)</b>	<b>(11,733)</b>	<b>9,800</b>	<b>(1,933)</b>
Profit for the period	-	-	-	-	-	-	-	-	30,880	30,880	(1,309)	29,571
Other comprehensive income for the period	-	-	-	-	(152)	-	(3,416)	1,258	152	(2,158)	-	(2,158)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152)</b>	<b>-</b>	<b>(3,416)</b>	<b>1,258</b>	<b>31,032</b>	<b>28,722</b>	<b>(1,309)</b>	<b>27,413</b>
<b>Balance as at 28 February 2017</b>	<b>147,919</b>	<b>56,009</b>	<b>(554)</b>	<b>14,869</b>	<b>12,603</b>	<b>960</b>	<b>10,762</b>	<b>4,520</b>	<b>279,197</b>	<b>526,285</b>	<b>8,464</b>	<b>534,749</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2016 and the accompanying explanatory notes attached to the interim financial reports



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## **INTERIM FINANCIAL REPORT**

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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 29 February 2016. 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 2016.

#### **A2 Summary of Significant Accounting Policies**

##### **(a) Adoption of New and 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 29 February 2016, 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 2016.

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 4 – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations
- Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets : Clarification of acceptable methods of depreciation and amortization



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### A2 Summary of Significant Accounting Policies (continued)

#### (a) Adoption of New and Amendments to MFRSs (continued)

- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture - Bearer Plants
- Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
- Annual Improvements to MFRS Standards 2012 – 2014 Cycle, including the amendments to:
  - MFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
  - MFRS 7 Financial Instruments – Disclosures: Servicing contracts
  - MFRS 7 Financial Instruments – Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
  - MFRS 119 Employee Benefits: Discount rate – regional market issue
  - MFRS 134 Interim Financial Reporting: Disclosure of information “elsewhere in the interim financial report”

#### (b) Standards Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

##### Amendments to MFRS effective 1 January 2017:

- Amendments to MFRS 107 – Disclosure Initiative
- Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRS Standard 2014 – 2016 Cycle: Amendments to MFRS 12 Disclosure of Interests in Other Entities

##### MFRS and Amendments to MFRSs effective 1 January 2018:

- Amendments to MFRS 2 – Classification and Measurement of Share-based Payment Transactions
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 140 – Transfers of Investment Property



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### **A2 Summary of Significant Accounting Policies (continued)**

#### **(b) Standards Issued But Not Yet Effective (continued)**

##### MFRS and Amendments to MFRSs effective 1 January 2018 (continued):

- Annual Improvements to MFRS Standards 2014 – 2016 Cycle:
  - Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards
  - Amendments to MFRS 128 Investments in Associates
- IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

##### Amendments to MFRS effective 1 January 2019:

- MFRS 16 Leases

##### Amendments to MFRS (deferred effective date to be announced by the MASB):

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture

MFRS 5, 14 and 141 are not applicable to the Group's operations.

MFRS 5, 10, 11, 12, 14, 116, 119, 127, 128, 134, 138 and 141 are not applicable to the Company's operations.

The initial adoption of the above standards, amendments and interpretations are not expected to have any financial impacts to the financial statements of the Group except for MFRS 9, MFRS 15 and MFRS 16. The Group is currently assessing the impact of MFRS 9, MFRS 15 and MFRS 16 and plans to adopt the new standards on the required effective date.

### **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 2016 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.





## **INTERIM FINANCIAL REPORT**

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**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 2,269,300 ordinary share or 0.31% of its issued share capital from the open market at the average price paid of RM0.56 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 738,653,932 ordinary shares.



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**A8 Dividend Paid**

	<b>Current Year To-date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>
<b>Second interim dividend in respect of financial year ended 28 February 2017, paid on 27 December 2016</b> Single tier dividend of 0.50 sen per ordinary share	<b>3,078</b>	-
<b>First interim dividend in respect of financial year ended 28 February 2017, paid on 19 October 2016</b> Single tier dividend of 0.50 sen per ordinary share	<b>3,078</b>	-
<b>Final dividend in respect of financial year ended 29 February 2016, paid on 18 August 2016</b> i) Single tier dividend of 0.50 sen per ordinary share ii) Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares	<b>3,048</b> <b>3,668</b>	- -
<b>Third interim dividend in respect of financial year ended 29 February 2016, paid on 15 April 2016</b> Single tier dividend of 0.50 sen per ordinary share	<b>3,059</b>	-
<b>Second interim dividend in respect of financial year ended 29 February 2016, paid on 14 January 2016</b> Single tier dividend of 0.60 sen per ordinary share	-	3,679
<b>First interim dividend in respect of financial year ended 29 February 2016, paid on 22 October 2015</b> Single tier dividend of 0.50 sen per ordinary share	-	3,075
<b>Final dividend in respect of financial year ended 28 February 2015, paid on 18 September 2015</b> i) Single tier dividend of 0.50 sen per ordinary share ii) Share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares	- -	3,057 3,984
<b>Third interim dividend in respect of financial year ended 28 February 2015, paid on 16 April 2015</b> Single tier dividend of 0.60 sen per ordinary share	-	3,580
	<b>15,931</b>	<b>17,375</b>

Subsequent to the interim financial period ended 28 February 2017, the Company had on 12 April 2017 paid a third interim single tier dividend of 0.30 sen per ordinary share in respect of financial year ended 28 February 2017, amounting to RM2.216 million.



## INTERIM FINANCIAL REPORT

### A9 Segment Information

The Group is principally engaged in the business segments of trading of PVF\*, manufacturing of pipes and pipe fittings, investments and management.

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 28 February 2017</b>					
<b>Revenue</b>					
External Revenue	310,013	169,399	-	-	479,412
Intersegment revenue	27,766	34,470	24,391	(86,627)	-
<b>Total revenue</b>	<b>337,779</b>	<b>203,869</b>	<b>24,391</b>	<b>(86,627)</b>	<b>479,412</b>
<b>Segment Profit</b>	<b>32,413</b>	<b>16,971</b>	<b>19,883</b>	<b>(22,649)</b>	<b>46,618</b>
Interest income					1,012
Finance costs					(6,979)
Share of loss of joint venture					(11)
Share of profit of associate					38
<b>Profit before tax</b>					<b>40,678</b>

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 29 February 2016</b>					
<b>Revenue</b>					
External Revenue	317,794	195,499	-	-	513,293
Intersegment revenue	33,476	29,189	16,584	(79,249)	-
<b>Total revenue</b>	<b>351,270</b>	<b>224,688</b>	<b>16,584</b>	<b>(79,249)</b>	<b>513,293</b>
<b>Segment Profit</b>	<b>32,585</b>	<b>30,443</b>	<b>12,496</b>	<b>(14,111)</b>	<b>61,413</b>
Interest income					229
Finance costs					(8,362)
Share of profit of joint venture					107
Share of loss of associate					(311)
<b>Profit before tax</b>					<b>53,076</b>

\* 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	511,406	535,445
Generated by overseas operation	54,633	57,097
	566,039	592,542
Inter-segments elimination	(86,627)	(79,249)
	479,412	513,293

### 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 29 February 2016.

### A11 Material Events Subsequent to the End of the Interim Period

There were no 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

On 19 January 2017, Panaflo Controls Pte. Ltd., a subsidiary of the Company has entered into a Sale of Shares agreement ("SSA") with **JC FABRICA DE VALVULAS, S.A.**, a company incorporated in Spain (Registration No. A58669904) ("JC Fabrica" or "Purchaser") to dispose off its entire 70% equity interest comprising Seventy Thousand (70,000) issued and paid-up shares ("Shares") in **JC FLOW CONTROLS PTE. LTD.** ("JCF") to JC Fabrica for the sale consideration of SGD281,000.00. The Sale of Shares transaction has been completed on 31 January 2017.

### 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:-

	<b>28 February 2017</b>
	<b>RM'000</b>
Corporate guarantees	<u>785,074</u> *

\* Represents the total limit of Pantech's corporate guarantee



## **INTERIM FINANCIAL REPORT**

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### **A14 Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 28 February 2017 are as follows:

	<b>28 February 2017</b>
	<b>RM'000</b>
Approved and contracted for	<u>4,341</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-17	29-Feb-16	28-Feb-17	29-Feb-16
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	106,746	65,115	310,013	317,794
Manufacturing	45,834	44,124	169,399	195,499
Investment and Management	-	-	-	-
<b>Consolidated Total</b>	<b>152,580</b>	<b>109,239</b>	<b>479,412</b>	<b>513,293</b>

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		12 months to	
	28-Feb-17	29-Feb-16	28-Feb-17	29-Feb-16
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	13,671	4,648	29,193	28,537
Manufacturing	4,096	6,574	16,605	27,268
Investment and Management	(1,925)	(65)	(5,120)	(2,729)
<b>Consolidated Total</b>	<b>15,842</b>	<b>11,157</b>	<b>40,678</b>	<b>53,076</b>

#### Trading Division

For the current quarter ended 28 February 2017, the trading division recorded higher external revenue of RM106.75 million (Q4FY16: RM65.12 million) and higher segment profit before tax of RM13.67 million (Q4FY16: RM4.65 million), an increase of approximately RM41.63 million (63.93%) and RM9.02 million (194.13%) respectively.

The higher revenue and segment profit before tax for the current quarter was mainly due to the increased in sales demand and delivery in downstream oil and gas projects, namely RAPID.

For the 12 months ended 28 February 2017, the trading division recorded a lower external revenue of RM310.01 million (12 months FY16: RM317.79 million), a decrease of approximately RM7.78 million (2.45%). Despite lower revenue recorded, a higher segment profit before tax of RM29.19 million (12 months FY16: RM28.54 million) has been recorded, representing an increase of approximately RM0.66 million (2.30%) as compared to the preceding year corresponding period.



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### **B1 Review of Performance (continued)**

#### **Trading Division (continued)**

The lower revenue for the 12 months ended 28 February 2017 was mainly due to the decrease in sales demand in the local oil and gas sector. Despite weaker sales performance, lower operating expenditure and finance costs has contributed to the improved earnings for the 12 months ended 28 February 2017.

#### **Manufacturing Division**

For the current quarter ended 28 February 2017, the manufacturing division recorded a marginal higher external revenue of RM45.83 million (Q4FY16: RM44.12 million) and a lower segment profit before tax of RM4.10 million (Q4FY16: RM6.57 million), an increase of approximately RM1.71 million (3.88%) and decrease of RM2.48 million (37.69%) respectively.

The marginal higher sales was mainly due to the higher contribution from local stainless steel manufacturing division. Despite higher sales performance, lower segment profit before tax was recorded mainly due to start-up losses recorded by a new galvanising plant.

For the 12 months ended 28 February 2017, the manufacturing division recorded a lower external revenue of RM169.40 million (12 months FY16: RM195.50 million) and a lower segment profit before tax of RM16.61 million (12 months FY16: RM27.27 million), a decrease of approximately RM26.10 million (13.35%) and RM10.66 million (39.10%) respectively.

The lower revenue and segment profit before tax for the 12 months ended 28 February 2017 was mainly due to decrease in manufacturing division output caused by the decrease in global sales demand from oil and gas sector, competitive pricing in the international market and start-up losses recorded by a new galvanising plant.

#### **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 2017, the Group registered a higher revenue of RM152.58 million (Q4FY16: RM109.24 million) and a higher profit before tax of RM15.84 million (Q4FY16: RM11.16 million), an increase of RM43.34 million (39.68%) and RM4.69 million (41.99%) respectively. The better Group performance was mainly due to the increase in local sales demand from RAPID coupled with improved contribution from trading division.

For the 12 months ended 28 February 2017, the Group registered a lower revenue of RM479.41 million (12 months FY16: RM513.29 million) and lower profit before tax of RM40.68 million (12 months FY16: RM53.08 million), a decrease of RM33.88 million (6.60%) and RM12.40 million (23.36%) respectively.



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### **B1 Review of Performance (continued)**

#### **Group Performance (continued)**

The weaker Group performance for the 12 months ended 28 February 2017 was mainly due to the global and local demand from offshore oil and gas sector remain weak during the year while competitive pricing and start-up losses recorded by a new galvanising plant has affected the profit before tax of the Group.

### **B2 Variation of Results against Preceding Quarter**

In the current quarter under review, the Group reported a higher revenue of RM152.58 million compared to the preceding quarter of RM99.08 million and a higher profit after taxation of RM10.41 million compared to preceding quarter of RM6.11 million. The better Group performance was mainly due to the increase in sales demand and delivery for RAPID projects.

### **B3 Prospects**

With the continuous development of RAPID projects and associated facilities in southern Johor, the Group is aware of the short term challenges in the oil and gas industries but is of the view that the long term outlook of the Group continues to be positive.

At beginning of year 2016, the oil price was below USD30 per barrel. With current oil price trending above USD50 per barrel, there has been increased activities in this sector. Should this trend continue, the Group expects its overall performance for the next financial year to be positive.

### **B4 Variance on Profit Forecast/Profit Guarantee**

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





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### B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 28-Feb-17 RM'000	Preceding Year Corresponding Quarter 29-Feb-16 RM'000	Current Year To Date 28-Feb-17 RM'000	Preceding Year Corresponding Period 29-Feb-16 RM'000
Current taxation	5,417	4,091	10,427	15,346
Under/(over) provision of taxation in prior year	162	(181)	199	(372)
Transferred (to)/from deferred tax assets	(133)	302	542	302
Transferred from deferred tax liabilities	-	(373)	-	(104)
Crystallization of deferred taxation upon depreciation of revalued assets	(15)	22	(61)	(41)
	<u>5,431</u>	<u>3,861</u>	<u>11,107</u>	<u>15,131</u>

Tax expense for the current quarter and financial year-to-date ended 28 February 2017 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 which mainly due to certain expense that are not deductible for tax purposes.

### B6 Status of Corporate Proposals

On 7 October 2016, on behalf of the Board of Directors of Pantech Group Holdings Berhad ("Pantech" or "Company"), Kenanga Investment Bank Berhad ("Kenanga IB") announced that the Company proposes to undertake the following:

- i) a proposed bonus issue of up to 138,089,185 new ordinary shares in Pantech ("Bonus Shares") on the basis of one (1) Bonus Share for every five (5) existing ordinary shares in Pantech ("Pantech Shares" or "Shares") held on 21 December 2016 ("Entitlement Date") ("Bonus Issue of Shares");
- ii) a proposed bonus issue of up to 69,044,592 free warrants in Pantech ("Warrants B") on the basis of one (1) Warrant B for every ten (10) existing Pantech Shares held on the Entitlement Date ("Bonus Issue of Warrants"); and



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### **B6 Status of Corporate Proposals (continued)**

iii) a proposed establishment of an employees' share option scheme ("ESOS") of up to 10% of the issued and paid up share capital of Pantech (excluding treasury shares) at any point in time, for the eligible Directors and employees of Pantech and its subsidiaries.

(Collectively referred to as the "Proposals")

On 2 December 2016, the shareholders of Pantech had at the Extraordinary General Meeting held on the same day, approved all the resolutions set out in the Notice of EGM dated 17 November 2016.

On 21 December 2016, 123,124,376 new ordinary shares in Pantech have been issued pursuant to the Bonus Issue of Shares. In addition, a total of 14,963,269 additional Warrants A arising from the adjustments made in relation to the Bonus Issue of Shares have been issued and the exercise price of the outstanding Warrants A will be revised from RM0.60 to RM0.50.

On 29 December 2016, the Bonus Issue of Warrants has been completed following the listing of and quotation for 61,561,667 Warrants B on the Main Market of Bursa Malaysia Securities Berhad.

The ESOS has been implemented subsequently on 24 January 2017.

### **B7 Group Borrowings and Debt Securities**

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

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<u>Unsecured:-</u>		
- Term loans	16,275	46,572
- Hire purchase	2,203	2,361
- Bankers' acceptances, trust receipts and other short term loan	86,431	-
- Onshore foreign currency loan	10,064	-
	<u>114,973</u>	<u>48,933</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	1,916	8,517
SGD Dollar	34	108
GBP Pound	278	1,547



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### **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 is proposing for the shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 0.50 sen per ordinary shares. The details of the entitlement date for the cash dividend will be announced later.

The final dividend for the previous financial year ended 29 February 2016 was a single tier dividend of 0.50 sen per ordinary shares and a share dividend distribution of 6,093,836 treasury shares on the basis of 1 treasury share for every 100 existing 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:-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>28-Feb-17 RM'000</b>	<b>29-Feb-16 RM'000</b>	<b>28-Feb-17 RM'000</b>	<b>28-Feb-16 RM'000</b>
Net profit attributable to owners of the Company	<b>11,270</b>	7,323	<b>30,880</b>	37,972
Weighted average number of ordinary share in issue ('000)	<b>736,599</b>	732,187*	<b>736,599</b>	732,187*
<b>Basic earnings per ordinary share (sen)</b>	<b>1.53</b>	1.00	<b>4.19</b>	5.19



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### B10 Earnings per Share (continued)

#### 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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	28-Feb-17 RM'000	29-Feb-16 RM'000	28-Feb-17 RM'000	29-Feb-16 RM'000
Net profit attributable to owners of the Company:	11,270	7,323	30,880	37,972
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	736,599	732,187*	736,599	732,187*
Adjustment for dilutive effect on Exercise of ESOS options ('000)	46,839	-	46,839	-
	<b>783,438</b>	<b>732,187*</b>	<b>783,438</b>	<b>732,187*</b>
Diluted earnings per ordinary share (sen)	1.44	1.00	3.94	5.19

Note: \*In accordance with the Malaysian Financial Reporting Standard MFRS 133 – Earnings Per Share, the effect of bonus issues on the computation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the number of ordinary shares has been adjusted for the bonus issue of one (1) bonus share for every five (5) existing ordinary share in the Company which was completed on 21 December 2016.



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**B11 Share Buy Back**

As at end of current quarter, a total of 941,924 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 RM0.59 per share.

**B12 Realized and Unrealized Profits / (Losses) Disclosure**

	As at <b>28-Feb-17</b>	As at 29-Feb-16
	RM'000	RM'000
<b>Total unappropriated profits of Pantech and its subsidiaries:</b>		
- Realized	<b>360,485</b>	350,964
- Unrealized	<b>4,810</b>	6,928
	<b>365,295</b>	357,892
<b>Total share of unappropriated profits from associate company:</b>		
- Realized	<b>1,865</b>	1,946
- Unrealized	<b>(10)</b>	(1)
	<b>1,855</b>	1,945
<b>Total share of unappropriated profits from jointly controlled entity:</b>		
- Realized	-	662
- Unrealized	-	(25)
	-	637
	<b>367,150</b>	360,474
<b>Less: consolidation adjustments</b>	<b>(87,953)</b>	(89,834)
<b>Total Group unappropriated profits</b>	<b>279,197</b>	270,640



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**B13 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 28-Feb-17 RM'000</b>	<b>Financial Year Ended 28-Feb-17 RM'000</b>
Interest income	290	1,012
Other income including investment income	236	789
Interest expense	(1,521)	(5,782)
Depreciation and amortization	(3,635)	(14,459)
Allowance for impairment and write off of receivables	(508)	1,769
Allowance for slow moving and write off of inventories	(759)	(623)
Gain/(loss) on disposal of quoted or unquoted investment or properties	46	46
Gain on disposal of property, plant and equipment	-	945
Fair value gain/(loss) on investment properties	100	100
Realised foreign exchange gain/(loss)	765	361
Unrealised foreign exchange gain/(loss)	(107)	223
Gain/(loss) on derivatives	6	(8)
Exceptional items	-	-

**Date: 25<sup>th</sup> April 2017**