



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 NOVEMBER 2021

| | Third Quarter | | Cumulative Quarter | |
|--|--|--|--|---|
| | Current Year Quarter 30/11/2021 RM'000 | Preceding Year Corresponding Quarter 30/11/2020 RM'000 | Current Year To Date 30/11/2021 RM'000 | Preceding Year Corresponding Period 30/11/2020 RM'000 |
| Revenue | 209,337 | 133,040 | 494,327 | 350,013 |
| Operating Expenses | (182,134) | (121,930) | (426,733) | (327,007) |
| Other Operating Income | 781 | 1,163 | 2,118 | 2,000 |
| Profit from Operations | 27,984 | 12,273 | 69,712 | 25,006 |
| Finance Cost | (1,764) | (1,622) | (4,844) | (5,469) |
| Share of profit in associate company | 153 | 82 | 404 | 92 |
| Profit before taxation | 26,373 | 10,733 | 65,272 | 19,629 |
| Taxation | (6,010) | (1,986) | (14,414) | (5,712) |
| Profit for the period | 20,363 | 8,747 | 50,858 | 13,917 |
| Other comprehensive income net of tax | | | | |
| Foreign currency translation differences for foreign operation | (804) | (738) | 1,768 | 360 |
| Realisation of revaluation reserve upon depreciation of revalued asset | 227 | 227 | 679 | 680 |
| Transfer of revaluation reserve to unappropriated profit | (227) | (227) | (679) | (680) |
| Fair value loss on cash flow hedge | - | (11) | (7) | (80) |
| Total comprehensive income for the period | 19,559 | 7,998 | 52,619 | 14,197 |
| Profit for the period attributable to: | | | | |
| Owners of the Company | 20,363 | 8,747 | 50,858 | 13,917 |
| Non-controlling interest | - | - | - | - |
| | 20,363 | 8,747 | 50,858 | 13,917 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | 19,559 | 7,998 | 52,619 | 14,197 |
| Non-controlling interest | - | - | - | - |
| | 19,559 | 7,998 | 52,619 | 14,197 |
| Earnings per share | | | | |
| (a) Basic earnings per ordinary share (sen) | 2.66 | 1.17 | 6.65 | 1.87 |
| (b) Diluted earnings per ordinary share (sen) | 2.63 | 1.17 | 6.56 | 1.87 |

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 30 NOVEMBER 2021

| | 30/11/2021 Unaudited | 28/02/2021 Audited |
|--------------------------------------|-------------------------|-----------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant And Equipment | 321,356 | 330,781 |
| Capital Work-in-progress | 13,442 | 10,086 |
| Investment Properties | 6,300 | 6,300 |
| Investment In An Associate Company | 3,165 | 2,761 |
| Deferred Tax Assets | 3 | 3 |
| | <u>344,266</u> | <u>349,931</u> |
| Current Assets | | |
| Inventories | 327,682 | 289,084 |
| Trade and Other Receivables | 184,225 | 105,586 |
| Amount Due from An Associate Company | 19,880 | 23,826 |
| Derivatives Financial Instruments | - | 6 |
| Fixed Deposits with Licensed Banks | 2,686 | 2,665 |
| Cash and Bank Balances | 175,218 | 135,051 |
| | <u>709,691</u> | <u>556,218</u> |
| TOTAL ASSETS | <u>1,053,957</u> | <u>906,149</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share Capital | 242,718 | 210,312 |
| Share Application Money | 304 | - |
| Treasury Shares | (5,775) | (1,772) |
| Revaluation Reserve | 59,987 | 60,666 |
| Warrants Reserve | 3,749 | 7,294 |
| Other Reserves | 14,196 | 14,661 |
| Unappropriated Profit | 415,311 | 383,262 |
| TOTAL EQUITY | <u>730,490</u> | <u>674,423</u> |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Long Term Borrowings | 35,367 | 41,539 |
| Lease liabilities | 9,653 | 10,301 |
| Deferred Tax Liabilities | 15,669 | 14,620 |
| | <u>60,689</u> | <u>66,460</u> |
| Current Liabilities | | |
| Trade and Other Payables | 72,794 | 34,724 |
| Overdraft and Short Term Borrowings | 171,422 | 121,476 |
| Amount Due to An Associate Company | 133 | - |
| Lease liabilities | 2,615 | 3,025 |
| Tax Payable | 7,854 | 2,288 |
| Dividend Payable | 7,960 | 3,753 |
| | <u>262,778</u> | <u>165,266</u> |
| Total Liabilities | <u>323,467</u> | <u>231,726</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,053,957</u> | <u>906,149</u> |
| NET ASSETS PER SHARE (RM) | 0.90 | 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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 NOVEMBER 2021

| | GROUP 30/11/2021 RM'000 | GROUP 30/11/2020 RM'000 |
|---|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 65,272 | 19,629 |
| Adjustments for: | | |
| (Reversal of allowance) / Allowance for impairment of receivables (net) | (633) | 3,778 |
| (Reversal of allowance) / Allowance for slow moving inventories | (166) | 299 |
| Depreciation of property, plant and equipment | 11,928 | 11,870 |
| Depreciation of right-of-use assets | 2,491 | 2,643 |
| Interest expense | 3,422 | 4,458 |
| Bad debts written off | 336 | 403 |
| Interest expense on lease liabilities | 523 | 547 |
| Interest income | (1,128) | (811) |
| Gain on disposal of property, plant and equipment | (98) | (13) |
| Gain on fair value of derivatives financial instruments | (1) | - |
| Unrealised exchange (gain) / loss on foreign exchange | (535) | 256 |
| Other non-cash items | 121 | 504 |
| Operating profit before changes in working capital | 81,532 | 43,563 |
| Changes in working capital:- | | |
| Inventories | (38,432) | 8,673 |
| Receivables | (78,269) | 4,860 |
| Payables | 38,431 | (2,621) |
| Associate company | 4,078 | 13,008 |
| Cash generated from operations | 7,340 | 67,483 |
| Tax paid (net) | (7,796) | (4,167) |
| Net cash (used in) / generated from operating activities | (456) | 63,316 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 1,128 | 811 |
| Purchase of property, plant and equipment | (5,022) | (4,607) |
| Proceeds from disposal of property, plant and equipment | 186 | 39 |
| Capital work-in-progress incurred | (3,355) | (5,195) |
| Net cash used in investing activities | (7,063) | (8,952) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (15,281) | (5,968) |
| Proceeds from issuance of share capital | 26,113 | 3 |
| Purchase of treasury shares | (4,003) | (3,458) |
| Interest paid | (3,774) | (4,749) |
| Share application money received | 304 | - |
| Repayment of lease liabilities | (2,622) | (2,380) |
| Drawdown of short-term borrowings | 50,260 | 188 |
| Drawdown of borrowings | 6,896 | 2,077 |
| Repayment of borrowings | (12,035) | (6,253) |
| Net cash generated / (used in) from financing activities | 45,858 | (20,540) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 38,339 | 33,824 |
| EFFECT OF EXCHANGE RATE CHANGES | 1,849 | 302 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 137,716 | 88,701 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 177,904 | 122,827 |

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)

(Incorporated in Malaysia)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 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 | - | (3,458) | - | - | - | - | - | - | (3,458) |
| Share options granted under ESOS | - | - | - | - | 595 | - | - | - | 595 |
| Fourth interim share dividend distributed to shareholders | - | 2,869 | - | - | - | - | - | (2,869) | - |
| First interim dividend paid to Shareholders | - | - | - | - | - | - | - | (2,250) | (2,250) |
| Second interim dividend payable to Shareholders | - | - | - | - | - | - | - | (3,737) | (3,737) |
| Total transactions with owners | 4 | (589) | - | - | 594 | - | - | (8,856) | (8,847) |
| Profit for the period | - | - | - | - | - | - | - | 13,917 | 13,917 |
| Other comprehensive income for the period | - | - | - | (680) | - | 360 | (80) | 680 | 280 |
| Total comprehensive income for the period | - | - | - | (680) | - | 360 | (80) | 14,597 | 14,197 |
| Balance as at 30 November 2020 | 209,924 | (1,481) | 14,749 | 61,070 | 4,891 | 8,462 | 15 | 366,607 | 664,237 |

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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2021 (continued)

| | ← Attributable to Owners of the Company → | | | | | | | | | | |
|---|---|-----------------------------------|---------------------------|----------------------------|-------------------------------|--------------------------------|--|-----------------------------------|----------------------------------|-----------------|------------------------|
| | ← Non-Distributable → | | | | | Distributable | | | | | |
| | Share Capital RM'000 | Share Application Money 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 | 14,090 | - | - | - | - | (2,748) | - | - | - | 11,342 | 11,342 |
| Issuance of shares pursuant to exercise of Warrants | 18,316 | - | - | (3,545) | - | - | - | - | - | 14,771 | 14,771 |
| Share application money received | - | 304 | - | - | - | - | - | - | - | 304 | 304 |
| Acquisition of treasury shares | - | - | (4,003) | - | - | - | - | - | - | (4,003) | (4,003) |
| Share options granted under ESOS | - | - | - | - | - | 522 | - | - | - | 522 | 522 |
| Final dividend payable to Shareholders | - | - | - | - | - | - | - | - | (7,676) | (7,676) | (7,676) |
| First interim dividend paid to Shareholders | - | - | - | - | - | - | - | - | (3,852) | (3,852) | (3,852) |
| Second interim dividend payable to Shareholders | - | - | - | - | - | - | - | - | (7,960) | (7,960) | (7,960) |
| Total transactions with owners | 32,406 | 304 | (4,003) | (3,545) | - | (2,226) | - | - | (19,488) | 3,448 | 3,448 |
| Profit for the period | - | - | - | - | - | - | - | - | 50,858 | 50,858 | 50,858 |
| Other comprehensive income for the period | - | - | - | - | (679) | - | 1,768 | (7) | 679 | 1,761 | 1,761 |
| Total comprehensive income for the period | - | - | - | - | (679) | - | 1,768 | (7) | 51,537 | 52,619 | 52,619 |
| Balance as at 30 November 2021 | 242,718 | 304 | (5,775) | 3,749 | 59,987 | 2,723 | 11,473 | - | 415,311 | 730,490 | 730,490 |

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 7,964,800 ordinary share or 0.99% 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 795,743,358 ordinary shares.

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

During the current financial year-to-date under review, 27,082,550 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 29,542,829 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 |
|--|--|---|
| First interim dividend in respect of financial year ended 28 February 2022, paid on 8 October 2021 Single tier dividend of 0.50 sen per ordinary share | 3,852 | |
| Final single tier dividend and Special final single tier dividend in respect of financial year ended 28 February 2021, paid on 10 September 2021 1) Final single tier dividend of 0.50 sen per ordinary share; 2) Special final single tier dividend of 0.50 sen per ordinary share | 7,676 | |
| 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 | |
| First interim dividend in respect of financial year ended 28 February 2021, paid on 25 September 2020 Single tier dividend of 0.30 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 |
| | 15,281 | 8,837 |

Subsequent to the interim financial period ended 30 November 2021, the Company had on 23 December 2021 paid a second interim single tier dividend of 1.00 sen per ordinary share in respect of financial year ended 28 February 2022, amounting to approximately RM7.96 million.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9 Segment Information

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

| | Trading of PVF products RM'000 | Manufacturing of pipes & pipe fittings, galvanising RM'000 | Investment and Management RM'000 | Elimination RM'000 | Total RM'000 |
|--------------------------------------|--|--|--|------------------------------------|------------------------------|
| Period Ended 30 November 2021 | | | | | |
| Revenue | | | | | |
| External Revenue | 253,115 | 241,212 | - | - | 494,327 |
| Intersegment revenue | 14,044 | 41,032 | 17,504 | (72,580) | - |
| Total revenue | 267,159 | 282,244 | 17,504 | (72,580) | 494,327 |
| Segment Profit | 33,652 | 34,145 | 16,594 | (15,807) | 68,584 |
| Interest income | | | | | 1,128 |
| Finance costs | | | | | (4,844) |
| Share of profit in associate | | | | | 404 |
| Profit before tax | | | | | 65,272 |

| | Trading of PVF products RM'000 | Manufacturing of pipes & pipe fittings, galvanising RM'000 | Investment and Management RM'000 | Elimination RM'000 | Total RM'000 |
|--------------------------------------|--|--|--|------------------------------------|------------------------------|
| Period Ended 30 November 2020 | | | | | |
| Revenue | | | | | |
| External Revenue | 199,364 | 150,649 | - | - | 350,013 |
| Intersegment revenue | 16,466 | 28,730 | 18,606 | (63,802) | - |
| Total revenue | 215,830 | 179,379 | 18,606 | (63,802) | 350,013 |
| Segment Profit | 18,514 | 5,002 | 16,415 | (15,736) | 24,195 |
| Interest income | | | | | 811 |
| Finance costs | | | | | (5,469) |
| Share of profit in associate | | | | | 92 |
| Profit before tax | | | | | 19,629 |

* 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 | 545,325 | 391,011 |
| Generated by overseas operation | 21,582 | 22,804 |
| | 566,907 | 413,815 |
| Inter-segments elimination | (72,580) | (63,802) |
| | 494,327 | 350,013 |

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: -

| | |
|----------------------|-------------------------|
| | 30 November 2021 |
| | RM'000 |
| Corporate guarantees | <u>577,760</u> * |

* Represents the total limit of Pantech's corporate guarantee



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2021 are as follows: -

30 November 2021
RM'000

Approved and contracted for

990



INTERIM FINANCIAL REPORT

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

B1 Review of Performance

| Business Segment | Revenue Current Quarter | | Revenue 9 months to | |
|---------------------------|------------------------------------|------------------|--------------------------------|------------------|
| | 30-Nov-21 | 30-Nov-20 | 30-Nov-21 | 30-Nov-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trading | 106,812 | 75,728 | 253,115 | 199,364 |
| Manufacturing | 102,525 | 57,312 | 241,212 | 150,649 |
| Investment and Management | - | - | - | - |
| Consolidated Total | 209,337 | 133,040 | 494,327 | 350,013 |

| Business Segment | Profit Before Taxation Current Quarter | | Profit Before Taxation 9 months to | |
|---------------------------|---|------------------|---|------------------|
| | 30-Nov-21 | 30-Nov-20 | 30-Nov-21 | 30-Nov-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trading | 10,388 | 6,860 | 33,313 | 18,058 |
| Manufacturing | 17,223 | 5,543 | 34,799 | 5,643 |
| Investment and Management | (1,238) | (1,670) | (2,840) | (4,072) |
| Consolidated Total | 26,373 | 10,733 | 65,272 | 19,629 |

Trading Division

For the current quarter ended 30 November 2021, the trading division recorded a higher external revenue of RM106.81 million (Q3FY21: RM75.73 million) and a higher segment profit before tax of RM10.39 million (Q3FY21: RM6.86 million), an increase of approximately RM31.08 million (41.04%) and RM3.53 million (51.46%) respectively.

For the 9 months ended 30 November 2021, the trading division recorded higher external revenue of RM253.12 million (9 months FY21: RM199.36 million) and a higher segment profit before tax of RM33.31 million (9 months FY21: RM18.06 million), an increase of approximately RM53.76 million (26.97%) and RM15.25 million (84.44%) respectively.

The higher revenue and segment profit before tax for the current quarter and 9 months ended 30 November 2021 was mainly due to optimised trading operations during current 9 months period and higher deliveries to local oil and gas sector in the current quarter 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 current quarter and 9 months ended 30 November 2021.



INTERIM FINANCIAL REPORT

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

B1 Review of Performance (continued)

Manufacturing Division

For the current quarter ended 30 November 2021, the manufacturing division recorded higher external revenue of RM102.53 million (Q3FY21: RM57.31 million) and a higher segment profit before tax of RM17.22 million (Q3FY21: RM5.54 million), an increase of approximately RM45.22 million (78.9%) and RM11.68 million (210.83%) respectively.

For the 9 months ended 30 November 2021, the manufacturing division recorded higher external revenue of RM241.21 million (9 months FY21: RM150.65 million) and a higher segment profit before tax of RM34.80 million (9 months FY21: RM5.64 million), an increase of approximately RM90.56 million (60.11%) and RM29.16 million (517.02%) respectively.

The higher revenue and segment profit before tax for the current quarter and 9 months ended 30 November 2021 was mainly due to optimised manufacturing operations during 9 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 current quarter and 9 months ended 30 November 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 30 November 2021, the Group registered a higher revenue of RM209.34 million (Q3FY21: RM133.04 million) and a higher profit before tax ("PBT") of RM26.37 million (Q3FY21: RM10.73 million).

For the 9 months ended 30 November 2021, the Group registered a higher revenue of RM494.33 million (9 months FY21: RM350.01 million) and a higher PBT of RM65.27 million (9 months FY21: RM19.63 million).

The higher revenue and PBT for the current quarter and 9 months period was mainly due to optimised trading and manufacturing operations, higher local oil and gas demand, stable palm oil prices, robust export demand and higher product prices.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a higher revenue of RM209.34 million compared to the preceding quarter of RM136.49 million, and a higher profit after taxation ("PAT") of RM20.36 million compared to preceding quarter of RM15.30 million. The group achieve higher sales and PAT mainly due to higher deliveries to local oil and gas sector and robust export demand, better product mix and higher product prices.



INTERIM FINANCIAL REPORT

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

B3 Prospects

The current Covid-19 vaccine roll out around the world and Malaysia continue to bring positive impact to business confidence and in turn, an improved economic activities that lead to projected economic recovery and positive oil demand. Furthermore, the sustainability of palm oil prices should sustain the Group revenue through the financial year. 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 improving economic activities, 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.

B5 Taxation

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Year Quarter 30-Nov-21 RM'000 | Preceding Year Corresponding Quarter 30-Nov-20 RM'000 | Current Year To Date 30-Nov-21 RM'000 | Preceding Year Corresponding Period 30-Nov-20 RM'000 |
| Current taxation | 4,934 | 3,022 | 13,334 | 7,259 |
| (Over) / under provision in prior year | 54 | (212) | 28 | (212) |
| Transferred from/(to) deferred tax assets | (112) | (757) | 51 | (1,135) |
| Transferred to/(from) deferred tax liabilities | 1,200 | - | 1,200 | - |
| Crystallization of deferred taxation upon depreciation of revalued assets | (66) | (67) | (199) | (200) |
| | 6,010 | 1,986 | 14,414 | 5,712 |



INTERIM FINANCIAL REPORT

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

B5 Taxation (continued)

Tax expense for the current quarter and financial year-to-date ended 30 November 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

The Company had on 8 December 2021 announced that the Group entered into a Sale and Purchase Agreement with C & S Realty Corporation Sdn Bhd, a related party to the Group, for the acquisition of a parcel of leasehold vacant industrial land in Zon 12B of Pasir Gudang Industrial Estate, for a total cash consideration of RM5.5 million. The acquisition of land is currently pending approval from State Authority.

The Company had on 3 January 2022 announced the Company is entering into a Share Sale Agreement for the acquisition of 400,000 ordinary shares, representing 100% equity interest in Unity Precision Engineering Sdn Bhd ("UPESB") for a total purchase consideration of RM13 million. The acquisition of UPESB is expected to complete by first quarter of 2022.

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 | 15,846 | 35,367 |
| - Bankers' acceptances, trust receipts and other short term loan | 115,005 | - |
| - Foreign currency loan | 40,571 | - |
| | <u>171,422</u> | <u>35,367</u> |

Foreign currency borrowings included above:

| | Foreign Currency '000 | RM Equivalent '000 |
|-----------|--------------------------------------|-----------------------------------|
| US Dollar | 9,701 | 40,551 |
| GBP Pound | 3 | 19 |
| | <u>9,704</u> | <u>40,570</u> |

| <u>Lease Liabilities</u> | Current RM'000 | Non-current RM'000 |
|---------------------------------|---------------------------|-------------------------------|
| Lease Liabilities | 2,615 | 9,653 |
| | <u>2,615</u> | <u>9,653</u> |



INTERIM FINANCIAL REPORT

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

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 third 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 third interim dividend will be paid on 25 March 2022 to shareholders whose name appear on the Company's Record of Depositors on 28 February 2022.

The total dividend per share for the current financial year is 2.50 sen single tier dividend per ordinary share (Preceding year corresponding period: 1.30 sen).

B10 Earnings per Share

a) Basic Earnings per Share

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

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|---|-------------------------|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 30-Nov-21 RM'000 | 30-Nov-20 RM'000 | 30-Nov-21 RM'000 | 30-Nov-20 RM'000 |
| Net profit attributable to owners of the Company | 20,363 | 8,747 | 50,858 | 13,917 |
| Weighted average number of ordinary share in issue ('000) | 764,284 | 745,132 | 764,284 | 745,132 |
| Basic earnings per ordinary share (sen) | 2.66 | 1.17 | 6.65 | 1.87 |



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

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.

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------------|---|---------------------------------|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 30-Nov-21 RM'000 | 30-Nov-20 RM'000 | 30-Nov-21 RM'000 | 30-Nov-20 RM'000 |
| Net profit attributable to owners of the Company: | 20,363 | 8,747 | 50,858 | 13,917 |
| Adjusted weighted average number of shares ('000): | | | | |
| Weighted average number of ordinary share in issue ('000) | 764,284 | 745,132 | 764,284 | 745,132 |
| Adjustment for dilutive effect on exercise of Warrants ('000) | 4,036 | - | 4,036 | - |
| Adjustment for dilutive effect on exercise of ESOS options ('000) | 6,493 | - | 6,493 | - |
| | 774,813 | 745,132 | 774,813 | 745,132 |
| Diluted earnings per ordinary share (sen) | 2.63 | 1.17 | 6.56 | 1.87 |

B11 Share Buy Back

As at end of current quarter, a total of 12,639,893 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 RM0.45 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 30-Nov-21 RM'000 | Financial Year Ended 30-Nov-21 RM'000 |
|---|---|--|
| Interest income | 382 | 1,128 |
| Other income including investment income | 25 | 113 |
| Interest expense | (1,381) | (3,945) |
| Depreciation and amortization | (4,808) | (14,419) |
| (Allowance for)/Reversal of impairment and write off of receivables | (2,265) | 297 |
| Reversal of slow moving and write off of inventories | 244 | 166 |
| Gain/(loss) on disposal of quoted or unquoted investment or properties | - | - |
| Gain on disposal of property, plant and equipment | 68 | 98 |
| Realised foreign exchange (loss)/gain | (406) | 1,549 |
| Unrealised foreign exchange (loss)/gain | (93) | 535 |
| Gain on derivatives | - | 1 |
| Exceptional items | - | - |

Date: 20 January 2022