



## INTERIM FINANCIAL REPORT

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2022

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2022 RM'000	Preceding Year Corresponding Quarter 31/08/2021 RM'000	Current Year To Date 31/08/2022 RM'000	Preceding Year Corresponding Period 31/08/2021 RM'000
<b>Revenue</b>	<b>269,986</b>	136,490	<b>540,662</b>	284,990
Operating Expenses	(228,273)	(118,028)	(462,778)	(248,181)
Other Operating Income	1,818	3,266	3,736	4,919
<b>Profit from Operations</b>	<b>43,531</b>	<b>21,728</b>	<b>81,620</b>	<b>41,728</b>
Finance Cost	(2,257)	(1,591)	(4,020)	(3,080)
Share of profit in associate company	174	122	302	251
<b>Profit before taxation</b>	<b>41,448</b>	<b>20,259</b>	<b>77,902</b>	<b>38,899</b>
Taxation	(10,451)	(4,954)	(20,501)	(8,404)
<b>Profit for the period</b>	<b>30,997</b>	<b>15,305</b>	<b>57,401</b>	<b>30,495</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	(648)	486	(1,659)	2,572
Realisation of revaluation reserve upon depreciation of revalued asset	225	225	1,034	452
Transfer of revaluation reserve to unappropriated profit	(225)	(225)	(1,034)	(452)
Fair value loss on cash flow hedge	-	-	-	(7)
<b>Total comprehensive income for the period</b>	<b>30,349</b>	<b>15,791</b>	<b>55,742</b>	<b>33,060</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	30,997	15,305	57,401	30,495
Non-controlling interest	-	-	-	-
	<b>30,997</b>	<b>15,305</b>	<b>57,401</b>	<b>30,495</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	30,349	15,791	55,742	33,060
Non-controlling interest	-	-	-	-
	<b>30,349</b>	<b>15,791</b>	<b>55,742</b>	<b>33,060</b>
<b>Earnings per share</b>				
(a) Basic earnings per ordinary share (sen)	<b>3.78</b>	<b>2.02</b>	<b>6.99</b>	<b>4.03</b>
(b) Diluted earnings per ordinary share (sen)	<b>3.75</b>	<b>1.99</b>	<b>6.95</b>	<b>3.97</b>

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 2022 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 2022

	31/08/2022	28/02/2022
	Unaudited	Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	324,428	321,198
Capital Work-in-progress	13,898	13,537
Investment Properties	14,197	11,800
Investment In An Associate Company	2,887	2,585
Other Investments	1,251	438
Goodwill on Acquisition	2,343	-
Deferred Tax Assets	3	3
	<u>359,007</u>	<u>349,561</u>
<b>Current Assets</b>		
Inventories	437,022	400,832
Trade and Other Receivables	204,014	229,067
Amount Due from An Associate Company	32,162	8,790
Fixed Deposits with Licensed Banks	2,710	2,693
Cash and Bank Balances	204,168	178,587
	<u>880,076</u>	<u>819,969</u>
<b>TOTAL ASSETS</b>	<u>1,239,083</u>	<u>1,169,530</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	261,318	258,892
Share Application Money	12	29
Treasury Shares	(9,156)	(7,591)
Revaluation Reserve	59,181	59,759
Other Reserves	11,435	13,170
Unappropriated Profit	463,714	429,911
<b>TOTAL EQUITY</b>	<u>786,504</u>	<u>754,170</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long Term Borrowings	26,517	32,504
Lease liabilities	10,629	9,280
Deferred Tax Liabilities	24,123	23,949
	<u>61,269</u>	<u>65,733</u>
<b>Current Liabilities</b>		
Trade and Other Payables	81,216	149,990
Short Term Borrowings	270,263	187,479
Derivative Financial Instruments	-	4
Lease liabilities	2,027	2,278
Tax Payable	13,173	1,679
Dividend Payable	24,631	8,197
	<u>391,310</u>	<u>349,627</u>
<b>Total Liabilities</b>	<u>452,579</u>	<u>415,360</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,239,083</u>	<u>1,169,530</u>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.94</b>	<b>0.90</b>

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 2022 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 2022

	<b>GROUP 31/08/2022 RM'000</b>	<b>GROUP 31/08/2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	77,902	38,899
Adjustments for:		
Allowance for/(reversal of) impairment of receivables (net)	245	(2,801)
(Reversal of)/allowance for slow moving inventories (net)	(468)	78
Depreciation of property, plant and equipment	7,876	7,939
Depreciation of right-of-use assets	1,218	1,672
Interest expense	3,167	2,209
Bad debts written off	-	239
Interest expense on lease liabilities	316	355
Interest income	(929)	(746)
Dividend income	(40)	-
Gain on disposal of property, plant and equipment	(203)	(30)
Fair value loss on other investments	39	-
Gain on fair value of derivatives financial instruments	(4)	(1)
Unrealised exchange gain on foreign exchange	(428)	(628)
Other non-cash items	433	(98)
<b>Operating profit before changes in working capital</b>	<b>89,124</b>	<b>47,087</b>
Changes in working capital:-		
Inventories	(35,721)	(45,559)
Receivables	25,797	(12,239)
Payables	(72,784)	21,054
Associate company	(23,372)	(11,541)
<b>Cash used in operations</b>	<b>(16,956)</b>	<b>(1,198)</b>
Tax paid (net)	(8,957)	(4,071)
<b>Net cash used in operating activities</b>	<b>(25,913)</b>	<b>(5,269)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	40	-
Acquisition of subsidiaries, net of cash acquired	(50)	-
Interest received	929	746
Purchase of property, plant and equipment	(2,110)	(3,646)
Payment for investment property	(234)	-
Proceeds from disposal of property, plant and equipment	375	118
Capital work-in-progress incurred	(361)	(3,508)
Placement of other investments	(852)	-
<b>Net cash used in investing activities</b>	<b>(2,263)</b>	<b>(6,290)</b>



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**INTERIM FINANCIAL REPORT**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2022**

	<b>GROUP 31/08/2022 RM'000</b>	<b>GROUP 31/08/2021 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(8,197)</b>	(3,753)
Proceeds from issuance of share capital	<b>1,939</b>	11,875
Purchase of treasury shares	<b>(1,565)</b>	(2,942)
Interest paid	<b>(3,650)</b>	(2,007)
Share application money	<b>(17)</b>	-
Repayment of lease liabilities	<b>(1,420)</b>	(1,551)
Drawdown of short-term borrowings	<b>83,612</b>	43,372
Drawdown of borrowings	<b>1,100</b>	5,773
Repayment of borrowings	<b>(17,290)</b>	(8,193)
<b>Net cash generated from financing activities</b>	<b>54,512</b>	42,574
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26,336</b>	31,015
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(738)</b>	2,077
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>181,280</b>	137,716
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>206,878</b>	170,808

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 2022 and the accompanying explanatory notes attached to the interim financial reports.



## INTERIM FINANCIAL REPORT

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2022

	Attributable to Owners of the Company							Total Equity RM'000	
	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
<b>Balance as at 1 March 2021</b>	210,312	(1,772)	7,294	60,666	4,949	9,705	7	383,262	674,423
<b>Transactions with owners:</b>									
Issuance of shares pursuant to exercise of ESOS	8,270	-	-	-	(1,611)	-	-	-	6,659
Issuance of shares pursuant to exercise of Warrants	6,467	-	(1,251)	-	-	-	-	-	5,216
Acquisition of treasury shares	-	(2,942)	-	-	-	-	-	-	(2,942)
Share options granted under ESOS	-	-	-	-	153	-	-	-	153
Final dividend payable to Shareholders	-	-	-	-	-	-	-	(7,676)	(7,676)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(3,853)	(3,853)
<b>Total transactions with owners</b>	<b>14,737</b>	<b>(2,942)</b>	<b>(1,251)</b>	<b>-</b>	<b>(1,458)</b>	<b>-</b>	<b>-</b>	<b>(11,529)</b>	<b>(2,443)</b>
Profit for the period	-	-	-	-	-	-	-	30,495	30,495
Other comprehensive income for the period	-	-	-	(452)	-	2,572	(7)	452	2,565
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(452)</b>	<b>-</b>	<b>2,572</b>	<b>(7)</b>	<b>30,947</b>	<b>33,060</b>
<b>Balance as at 31 August 2021</b>	<b>225,049</b>	<b>(4,714)</b>	<b>6,043</b>	<b>60,214</b>	<b>3,491</b>	<b>12,277</b>	<b>-</b>	<b>402,680</b>	<b>705,040</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 28 February 2022 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 31 AUGUST 2022 (continued)**

	Attributable to Owners of the Company		Non-Distributable		Distributable		Total Equity RM'000		
	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	Unappropriated Profits RM'000
<b>Balance as at 1 March 2022</b>	258,892	29	(7,591)	-	59,759	1,894	11,276	429,911	754,170
<b>Transactions with owners:</b>									
Issuance of shares pursuant to exercise of ESOS	2,426	-	-	-	-	(487)	-	-	1,939
Share application money received	-	(17)	-	-	-	-	-	-	(17)
Acquisition of treasury shares	-	-	(1,565)	-	-	-	-	-	(1,565)
Share options granted under ESOS	-	-	-	-	-	411	-	-	411
Final dividend payable to Shareholders	-	-	-	-	-	-	-	(12,315)	(12,315)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	(12,317)	(12,317)
<b>Total transactions with owners</b>	<b>2,426</b>	<b>(17)</b>	<b>(1,565)</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>-</b>	<b>(24,632)</b>	<b>(23,864)</b>
Profit for the period	-	-	-	-	-	-	-	57,401	57,401
Other comprehensive income for the period	-	-	-	-	(578)	-	(1,659)	1,034	(1,203)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(578)</b>	<b>-</b>	<b>(1,659)</b>	<b>58,435</b>	<b>(1,203)</b>
<b>Balance as at 31 August 2022</b>	<b>261,318</b>	<b>12</b>	<b>(9,156)</b>	<b>-</b>	<b>59,181</b>	<b>1,818</b>	<b>9,617</b>	<b>463,714</b>	<b>786,504</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 28 February 2022 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 28 February 2022. 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 2022.

#### 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 2022, 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) 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*



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## INTERIM FINANCIAL REPORT

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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

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

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

**(ii) 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 2022 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.

**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 2,600,000 ordinary share or 0.31% of its issued share capital from the open market at the average price paid of RM0.60 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.





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## INTERIM FINANCIAL REPORT

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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)**

**A7 Debt and Equity Securities (continued)**

Save as disclosed below, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the Company (continued):

a) Treasury Shares (continued)

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 821,024,029 ordinary shares.

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

During the current financial year-to-date under review, 3,971,250 number of ordinary shares were issued under the Company's ESOS.

**A8 Dividend Paid**

	<b>Current Year To-date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>
<b>Third interim dividend in respect of financial year ended 28 February 2022, paid on 25 Mar 2022</b> Single tier dividend of 1.00 sen per ordinary share	<b>8,197</b>	
<b>Third interim dividend in respect of financial year ended 28 February 2021, paid on 16 April 2021</b> Single tier dividend of 0.50 sen per ordinary share		3,753
	<b>8,197</b>	<b>3,753</b>

Subsequent to the interim financial period ended 31 August 2022, the Company had on 9 September 2022 distributed final single tier dividend of 1.50 sen per ordinary share in respect of financial year ended 28 February 2022, amounting to approximately RM12.32 million. Subsequently, a first interim single tier dividend of 1.50 sen per ordinary share in respect of the financial year ended 28 February 2023, will be paid on 21 October 2022.



## 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.

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings, galvanising RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 August 2022</b>					
<b>Revenue</b>					
External Revenue	252,163	288,499	-	-	540,662
Intersegment revenue	18,046	41,576	1,855	(61,477)	-
<b>Total revenue</b>	<b>270,209</b>	<b>330,075</b>	<b>1,855</b>	<b>(61,477)</b>	<b>540,662</b>
<b>Segment Profit</b>	<b>29,541</b>	<b>51,356</b>	<b>553</b>	<b>(759)</b>	<b>80,691</b>
Interest income					929
Finance costs					(4,020)
Share of profit in associate					302
<b>Profit before tax</b>					<b>77,902</b>

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings, galvanising RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 August 2021</b>					
<b>Revenue</b>					
External Revenue	146,303	138,687	-	-	284,990
Intersegment revenue	10,363	20,467	5,577	(36,407)	-
<b>Total revenue</b>	<b>156,666</b>	<b>159,154</b>	<b>5,577</b>	<b>(36,407)</b>	<b>284,990</b>
<b>Segment Profit</b>	<b>23,231</b>	<b>17,024</b>	<b>5,290</b>	<b>(4,563)</b>	<b>40,982</b>
Interest income					746
Finance costs					(3,080)
Share of profit in associate					251
<b>Profit before tax</b>					<b>38,899</b>

\* PVF: Represents pipes, valves and fittings.



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## INTERIM FINANCIAL REPORT

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**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	581,723	307,433
Generated by overseas operation	20,416	13,964
	602,139	321,397
Inter-segments elimination	(61,477)	(36,407)
	540,662	284,990

**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 2022.

**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: -

	<b>31 August 2022</b>
	<b>RM'000</b>
Corporate guarantees	<u>668,085</u> *

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



## **INTERIM FINANCIAL REPORT**

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**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 2022 are as follows: -

	<b>31 August 2022</b>
	<b>RM'000</b>
Approved and contracted for	<u>6,005</u>



## INTERIM FINANCIAL REPORT

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

#### B1 Review of Performance

	Revenue		Revenue	
	Current Quarter		6 months to	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	131,470	72,329	252,163	146,303
Manufacturing	138,516	64,161	288,499	138,687
Investment and Management	-	-	-	-
Consolidated Total	269,986	136,490	540,662	284,990

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		6 months to	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	14,642	12,936	29,225	22,924
Manufacturing	27,918	8,592	51,059	17,577
Investment and Management	(1,112)	(1,269)	(2,382)	(1,602)
Consolidated Total	41,448	20,259	77,902	38,899

#### Trading Division

For the current quarter ended 31 August 2022, the trading division recorded higher external revenue of RM131.47 million (Q2FY22: RM72.33 million) and segment profit before tax of RM14.64 million (Q2FY22: RM12.94 million), an increase of approximately RM59.14 million (81.76%) and RM1.70 million (13.14%) respectively.

For the 6 months ended 31 August 2022, the trading division recorded higher external revenue of RM252.16 million (6 months FY22: RM146.30 million) and segment profit before tax of RM29.22 million (6 months FY22: RM22.92 million), an increase of approximately RM105.86 million (72.36%) and RM6.30 million (27.49%) respectively.

The higher revenue and segment profit before tax for the current quarter and 6 months ended 31 August 2022 was mainly due to higher deliveries to local oil and gas projects.



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## INTERIM FINANCIAL REPORT

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**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 31 August 2022, the manufacturing division recorded higher external revenue of RM138.52 million (Q2FY22: RM64.16 million) and segment profit before tax of RM27.92 million (Q2FY22: RM8.59 million), an increase of approximately RM74.36 million (115.90%) and RM19.33 million (225.03%) respectively.

For the 6 months ended 31 August 2022, the manufacturing division recorded higher external revenue of RM288.50 million (6 months FY22: RM138.69 million) and segment profit before tax of RM51.06 million (6 months FY22: RM17.58 million), an increase of approximately RM149.81 million (108.02%) and RM33.48 million (190.44%) respectively.

The higher revenue and segment profit before tax for the current quarter and 6 months ended 31 August 2022 was mainly due to the overall better product mix and robust export demand for both carbon steel and stainless steels manufacturing division.

**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 2022, the Group registered higher revenue of RM269.99 million (Q2FY22: RM136.49 million) and profit before tax ("PBT") of RM41.45 million (Q2FY22: RM20.26 million).

For the 6 months ended 31 August 2022, the Group registered higher revenue of RM540.66 million (6 months FY22: RM284.99 million) and profit before tax ("PBT") of RM77.90 million (6 months FY22: 38.90 million).

The higher revenue and profit before tax was mainly due to better performance in both trading and manufacturing division as explained above.

**B2 Variation of Results against Preceding Quarter**

In the current quarter under review, the Group reported a comparable revenue of RM269.99 million compared to the preceding quarter of RM270.68 million, but a higher profit after taxation ("PAT") of RM31.00 million compared to preceding quarter of RM26.40 million. The group achieve higher PAT mainly due to 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 robust oil prices is likely to bring positive impact to its related capital activities such as increase spending in facilities maintenance and upgrading activities in the oil and gas industry. This in turn will improve the demands for our products in both domestic and international market. On the economic front, the Group noted recent ongoing geopolitical conflicts, rising interest rate and rising inflation poses risks to the current economic recovery progress as well as the oil and gas demand.

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 and rising oil and gas prices.

#### 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 31-Aug-22 RM'000	Preceding Year Corresponding Quarter 31-Aug-21 RM'000	Current Year To Date 31-Aug-22 RM'000	Preceding Year Corresponding Period 31-Aug-21 RM'000
Current taxation	10,654	4,800	20,452	8,401
Under/(over) provision in prior year	0	0	0	(27)
Transferred (to)/from deferred tax assets	(137)	220	182	163
Crystallization of deferred taxation upon depreciation of revalued assets	(66)	(66)	(133)	(133)
	<b>10,451</b>	<b>4,954</b>	<b>20,501</b>	<b>8,404</b>



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## INTERIM FINANCIAL REPORT

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**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 31 Aug 2022 is derived based on management's best estimate of the tax charges for the year. The effective tax rate of the Group for the current financial year-to-date is higher than the statutory rate, mainly due to certain expenses that are not deductible for tax purpose.

**B6 Status of Corporate Proposals**

There are no corporate proposals announced but not completed as at the date of this quarterly report.

**B7 Group Borrowings and Lease Liabilities**

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

<b><u>Borrowings</u></b>	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b><u>Unsecured: -</u></b>		
- Term loans	15,499	26,517
- Bankers' acceptances, trust receipts and other short term loan	215,664	-
- Foreign currency loan	39,100	-
	<u>270,263</u>	<u>26,517</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	<u>8,755</u>	<u>39,100</u>

<b><u>Lease Liabilities</u></b>	<b>Current RM'000</b>	<b>Non-current RM'000</b>
Lease Liabilities	<u>2,027</u>	<u>10,629</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.





## INTERIM FINANCIAL REPORT

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

#### B9 Dividends

The Board of Directors has approved and declared a second interim single tier dividend of 1.50 sen per ordinary share in respect of the financial year ending 28 February 2023 (Preceding year corresponding quarter: 1.00 sen). The second interim dividend will be paid on 13 January 2023 to shareholders whose name appear on the Company's Record of Depositors on 30 December 2022.

The total dividend per share for the current financial year is 3.00 sen single tier dividend per ordinary share (Preceding year corresponding period: 1.50 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
	31-Aug-22 RM'000	31-Aug-21 RM'000	31-Aug-22 RM'000	31-Aug-21 RM'000
Net profit attributable to owners of the Company	30,997	15,305	57,401	30,495
Weighted average number of ordinary share in issue ('000)	820,713	757,509	820,713	757,509
<b>Basic earnings per ordinary share (sen)</b>	<b>3.78</b>	<b>2.02</b>	<b>6.99</b>	<b>4.03</b>



## 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
	31-Aug-22 RM'000	31-Aug-21 RM'000	31-Aug-22 RM'000	31-Aug-21 RM'000
<b>Net profit attributable to owners of the Company:</b>	<b>30,997</b>	15,305	<b>57,401</b>	30,495
<b>Adjusted weighted average number of shares ('000):</b>				
Weighted average number of ordinary share in issue ('000)	<b>820,713</b>	757,509	<b>820,713</b>	757,509
Adjustment for dilutive effect on exercise of Warrants ('000)	-	4,264	-	4,264
Adjustment for dilutive effect on exercise of ESOS options ('000)	<b>5,684</b>	5,716	<b>5,684</b>	5,716
	<b>826,397</b>	767,489	<b>826,397</b>	767,489
<b>Diluted earnings per ordinary share (sen)</b>	<b>3.75</b>	1.99	<b>6.95</b>	3.97



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## INTERIM FINANCIAL REPORT

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

**B11 Share Buy Back**

As at end of current quarter, a total of 18,686,293 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 RM0.49 per share.

**B12 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 31-Aug-22 RM'000</b>	<b>Financial Year Ended 31-Aug-22 RM'000</b>
Interest income	478	929
Other income including investment income	139	239
Interest expense	(1,972)	(3,483)
Depreciation and amortization	(4,523)	(9,094)
Allowance for impairment and write off of receivables	(118)	(245)
(Allowance)/Reversal of allowance of slow moving and write off of inventories	(547)	468
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain/(loss) on disposal of property, plant and equipment	(39)	203
Fair value loss on other investments	-	39
Realised foreign exchange gain	3,271	6,073
Unrealised foreign exchange (loss)/gain	(1,315)	428
Gain on derivatives	-	4
Exceptional items	-	-

**Date: 18 October 2022**