



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2023

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2023 RM'000	Preceding Year Corresponding Quarter 31/08/2022 RM'000	Current Year To Date 31/08/2023 RM'000	Preceding Year Corresponding Period 31/08/2022 RM'000
Revenue	250,384	269,986	495,152	540,662
Operating Expenses	(211,472)	(228,273)	(418,554)	(462,778)
Other Operating Income	1,345	1,818	2,563	3,736
Profit from Operations	40,257	43,531	79,161	81,620
Finance Cost	(3,131)	(2,257)	(5,854)	(4,020)
Share of profit in associate company	107	174	177	302
Profit before taxation	37,233	41,448	73,484	77,902
Taxation	(8,814)	(10,451)	(18,081)	(20,501)
Profit for the period	28,419	30,997	55,403	57,401
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	1,487	(648)	3,992	(1,659)
Realisation of revaluation reserve upon depreciation of revalued asset	227	225	452	1,034
Transfer of revaluation reserve to unappropriated profit	(227)	(225)	(452)	(1,034)
Total comprehensive income for the period	29,906	30,349	59,395	55,742
Profit for the period attributable to:				
Owners of the Company	28,419	30,997	55,403	57,401
Non-controlling interest	-	-	-	-
	28,419	30,997	55,403	57,401
Total comprehensive income for the period attributable to:				
Owners of the Company	29,906	30,349	59,395	55,742
Non-controlling interest	-	-	-	-
	29,906	30,349	59,395	55,742
Earnings per share				
(a) Basic earnings per ordinary share (sen)	3.44	3.78	6.70	6.99
(b) Diluted earnings per ordinary share (sen)	3.42	3.75	6.67	6.95

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 2023 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 FINANCIAL POSITION
AS AT 31 AUGUST 2023**

	31/08/2023	28/02/2023
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant And Equipment	340,337	343,862
Capital Work-in-progress	183	20
Investment Properties	11,750	11,750
Investment In An Associate Company	3,375	3,198
Other Investments	2,622	2,023
Goodwill on Acquisition	2,343	2,343
	<u>360,610</u>	<u>363,196</u>
Current Assets		
Inventories	396,991	405,441
Trade and Other Receivables	178,420	175,837
Amount Due from An Associate Company	45,409	19,314
Tax recoverable	155	10
Fixed Deposits with Licensed Banks	16,485	2,734
Cash and Bank Balances	242,650	177,291
	<u>880,110</u>	<u>780,627</u>
Non-current asset held for sale	2,200	2,200
TOTAL ASSETS	<u>1,242,920</u>	<u>1,146,023</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	266,754	263,417
Share Application Money	14	52
Treasury Shares	(9,794)	(9,156)
Revaluation Reserve	58,256	58,708
Other Reserves	14,373	10,887
Unappropriated Profits	528,354	497,285
TOTAL EQUITY	<u>857,957</u>	<u>821,193</u>
LIABILITIES		
Non-Current Liabilities		
Long Term Borrowings	19,701	21,349
Lease liabilities	11,136	11,074
Deferred Tax Liabilities	26,086	26,054
	<u>56,923</u>	<u>58,477</u>
Current Liabilities		
Trade and Other Payables	28,845	45,071
Short Term Borrowings	263,433	198,227
Derivative Financial Instruments	-	12
Lease liabilities	2,387	2,286
Tax Payable	8,589	8,390
Dividend Payable	24,786	12,367
	<u>328,040</u>	<u>266,353</u>
Total Liabilities	<u>384,963</u>	<u>324,830</u>
TOTAL EQUITY AND LIABILITIES	<u>1,242,920</u>	<u>1,146,023</u>
NET ASSETS PER SHARE (RM)	1.01	0.97

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 2023 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 2023

	GROUP 31/08/2023 RM'000	GROUP 31/08/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,484	77,902
Adjustments for:		
(Reversal of)/Allowance for impairment of receivables (net)	(523)	245
Allowance for/(reversal of) slow moving inventories (net)	274	(468)
Depreciation of property, plant and equipment	8,846	7,876
Depreciation of right-of-use assets	1,336	1,218
Interest expense	5,627	3,167
Bad debts written off	157	-
Interest expense on lease liabilities	289	316
Interest income	(1,951)	(929)
Dividend income	(78)	(40)
Gain on disposal of property, plant and equipment	(26)	(203)
Fair value (gain)/loss on other investments	(47)	39
Gain on fair value of derivatives financial instruments	(12)	(4)
Unrealised exchange loss/(gain) on foreign exchange	492	(428)
Other non-cash items	(10)	433
Operating profit before changes in working capital	87,858	89,124
Changes in working capital:-		
Inventories	8,176	(35,721)
Receivables	(2,217)	25,797
Payables	(16,717)	(72,784)
Associate company	(26,095)	(23,372)
Cash generated from/(used in) operations	51,005	(16,956)
Tax paid (net)	(18,023)	(8,957)
Net cash generated from /(used in) operating activities	32,982	(25,913)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	78	40
Acquisition of subsidiaries, net of cash acquired	-	(50)
Interest received	1,951	929
Purchase of property, plant and equipment	(4,011)	(2,110)
Payment for investment property	-	(234)
Proceeds from disposal of property, plant and equipment	76	375
Capital work-in-progress incurred	(171)	(361)
Placement of other investments	(552)	(852)
Net cash used in investing activities	(2,629)	(2,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(12,367)	(8,197)
Proceeds from issuance of share capital	2,666	1,939
Purchase of treasury shares	(638)	(1,565)
Interest paid	(5,916)	(3,650)
Share application money	(38)	(17)
Repayment of lease liabilities	(1,269)	(1,420)
Drawdown of short-term borrowings	67,989	83,612
Drawdown of borrowings	3,420	1,100
Repayment of borrowings	(7,851)	(17,290)
Net cash generated from financing activities	45,996	54,512



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2023 (CONTINUED)**

	GROUP 31/08/2023 RM'000	GROUP 31/08/2022 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,349	26,336
EFFECT OF EXCHANGE RATE CHANGES	2,761	(738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	180,025	181,280
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>259,135</u>	<u>206,878</u>

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 2023 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 31 AUGUST 2023

	← Attributable to Owners of the Company →							
	← Non-Distributable →				→ Distributable			
	Share Capital RM'000	Share Application Money RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Unappropriated Profits RM'000	Total Equity RM'000
Balance as at 1 March 2022	258,892	29	(7,591)	59,759	1,894	11,276	429,911	754,170
Transactions with owners:								
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)
Total transactions with owners	2,426	(17)	(1,565)	-	(76)	-	(24,632)	(23,864)
Profit for the period	-	-	-	-	-	-	57,401	57,401
Other comprehensive income for the period	-	-	-	(578)	-	(1,659)	1,034	(1,203)
Total comprehensive income for the period	-	-	-	(578)	-	(1,659)	58,435	56,198
Balance as at 31 August 2022	261,318	12	(9,156)	59,181	1,818	9,617	463,714	786,504

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 2023 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 2023 (continued)

	←----- Attributable to Owners of the Company -----→							
	←----- Non-Distributable -----→					----- Distributable -----→		
	Share Capital RM'000	Share Application Money RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Unappropriated Profits RM'000	Total Equity RM'000
Balance as at 1 March 2023	263,417	52	(9,156)	58,708	1,630	9,257	497,285	821,193
Transactions with owners:								
Issuance of shares pursuant to exercise of ESOS	3,337	-	-	-	(671)	-	-	2,666
Share application money received	-	(38)	-	-	-	-	-	(38)
Acquisition of treasury shares	-	-	(638)	-	-	-	-	(638)
Share options granted under ESOS	-	-	-	-	165	-	-	165
Final dividend payable to Shareholders	-	-	-	-	-	-	(12,392)	(12,392)
First interim dividend payable to Shareholders	-	-	-	-	-	-	(12,394)	(12,394)
Total transactions with owners	3,337	(38)	(638)	-	(506)	-	(24,786)	(22,631)
Profit for the period	-	-	-	-	-	-	55,403	55,403
Other comprehensive income for the period	-	-	-	(452)	-	3,992	452	3,992
Total comprehensive income for the period	-	-	-	(452)	-	3,992	55,855	59,395
Balance as at 31 August 2023	266,754	14	(9,794)	58,256	1,124	13,249	528,354	857,957

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 2023 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 2023. 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 2023.

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 2023, 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 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*



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) Amendments effective for period beginning on or after 1 January 2024

- Amendments to MFRS 7 – *Financial Instruments Disclosures*
- Amendments to MFRS 16 – *Leases*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 107 – *Statement of Cash Flows*

(iii) Amendments effective for period beginning on or after 1 January 2025

- Amendments to MFRS 121 – *The Effects of Changes in Foreign Exchange Rates*

(iv) 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 2023 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 has purchased 812,700 ordinary share or 0.10% of its issued share capital from the open market at the average price paid of RM0.78 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 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 829,168,079 ordinary shares.

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

During the current financial year-to-date under review, 5,480,600 number of ordinary shares were issued under the Company's ESOS.

A8 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
Third interim dividend in respect of financial year ended 28 February 2023, paid on 24 Mar 2023 Single tier dividend of 1.5 sen per ordinary share	12,367	
Third interim dividend in respect of financial year ended 28 February 2022, paid on 25 Mar 2022 Single tier dividend of 1.0 sen per ordinary share		8,197
	12,367	8,197



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A8 Dividend Paid (Continued)

Subsequent to the interim financial period ended 31 August 2023, the Company had on 15 September 2023 distributed final single tier dividend of 1.50 sen per ordinary share in respect of financial year ended 28 February 2023, amounting to approximately RM12.44 million. Subsequently, a first interim single tier dividend of 1.50 sen per ordinary share in respect of the financial year ended 29 February 2024, will be paid on 20 October 2023.

A9 Segment Information

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

	Trading of PVF products RM'000	Manufacturing of pipes & pipe fittings, galvanising RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 August 2023					
Revenue					
External Revenue	280,021	215,131	-	-	495,152
Intersegment revenue	14,596	47,081	14,699	(76,376)	-
Total revenue	294,617	262,212	14,699	(76,376)	495,152
Segment Profit	32,861	43,827	13,912	(13,390)	77,210
Interest income					1,951
Finance costs					(5,854)
Share of profit in associate					177
Profit before tax					73,484



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A9 Segment Information (continued)

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

* PVF: Represents pipes, valves and fittings.

Analysis of the Group's revenue by geographical segments:

	Revenue	
	-- 6 months ended 31 August 2023 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	549,309	581,723
Generated by overseas operation	22,219	20,416
	571,528	602,139
Inter-segments elimination	(76,376)	(61,477)
	495,152	540,662

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 2023.



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONTINUED)

A11 Material Events Subsequent to the End of the Interim Period

There were no significant material events subsequent to the current financial quarter to date of this announcement, which is likely to substantially affect the results and the operations of the Group.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A13 Contingent Liabilities

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon crystallization would have a material impact on the financial position and business of the Group.

The Company has provided the following corporate guarantees to financial institutions and suppliers for credit facilities granted to its subsidiaries: -

	31 August 2023
	RM'000
Corporate guarantees	<u>700,006</u> *

* Represents the total limit of Pantech's corporate guarantee

A14 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31 August 2023 are as follows: -

	31 August 2023
	RM'000
Approved and contracted for	<u>8,315</u>



INTERIM FINANCIAL REPORT

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

B1 Review of Performance

Business Segment	Revenue Current Quarter		Revenue 6 months to	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
Trading	139,768	131,470	280,021	252,163
Manufacturing	110,616	138,516	215,131	288,499
Investment and Management	-	-	-	-
Consolidated Total	250,384	269,986	495,152	540,662

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 6 months to	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
Trading	16,344	14,642	31,597	29,225
Manufacturing	21,848	27,918	43,761	51,059
Investment and Management	(959)	(1,112)	(1,874)	(2,382)
Consolidated Total	37,233	41,448	73,484	77,902

Trading Division

For the current quarter ended 31 August 2023, the trading division recorded higher external revenue of RM139.77 million (Q2FY23: RM131.47 million) and segment profit before tax of RM16.34 million (Q2FY23: RM14.64 million), an increase of approximately RM8.30 million (6.31%) and RM1.70 million (11.61%) respectively.

For the 6 months ended 31 August 2023, the trading division recorded higher external revenue of RM280.02 million (6 months FY23: RM252.16 million) and segment profit before tax of RM31.60 million (6 months FY23: RM29.22 million), an increase of approximately RM27.86 million (11.05%) and RM2.38 million (8.15%) respectively.

The higher revenue and segment profit before tax for the current quarter and 6 months ended 31 August 2023 was mainly due to higher deliveries to local oil and gas projects.



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 31 August 2023, the manufacturing division recorded lower external revenue of RM110.62 million (Q2FY23: RM138.52 million) and segment profit before tax of RM21.85 million (Q2FY23: RM27.92 million), a decrease of approximately RM27.90 million (20.14%) and RM6.07 million (21.74%) respectively.

For the 6 months ended 31 August 2023, the manufacturing division recorded lower external revenue of RM215.13 million (6 months FY23: RM288.50 million) and segment profit before tax of RM43.76 million (6 months FY23: RM51.06 million), a decrease of approximately RM73.37 million (25.43%) and RM7.30 million (14.30%) respectively.

The lower revenue and segment profit before tax for the current quarter and 6 months ended 31 August 2023 was mainly due to moderating export shipment compare to last year robust export market.

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 2023, the Group registered lower revenue of RM250.38 million (Q2FY23: RM269.99 million) and profit before tax ("PBT") of RM37.23 million (Q2FY23: RM41.45 million).

For the 6 months ended 31 August 2023, the Group registered lower revenue of RM495.15 million (6 months FY23: RM540.66 million) and profit before tax ("PBT") of RM73.48 million (6 months FY23: RM77.90 million).

The lower revenue and profit before tax was mainly due to moderating demand from export market in manufacturing division.

B2 Variation of Results against Preceding Quarter

In the current quarter under review, the Group reported a higher revenue of RM250.38 million compared to the preceding quarter of RM244.77 million, and a higher profit after taxation ("PAT") of RM28.42 million compared to preceding quarter of RM26.98 million. The Group achieved higher sales and PAT mainly due to higher sales from manufacturing division.



INTERIM FINANCIAL REPORT

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

B3 Prospects

The robust oil price 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 demand for our products in both domestic and international markets.

However, on the economic front, the Group is watchful of the economic risks from ongoing geopolitical conflicts, rising interest rate and rising inflation that may hinder the current economic growth as well as the oil and gas demand.

The Group will prudently continue to strengthen its existing revenue generating businesses and operation productivity, seek opportunities to grow its core businesses, both local and overseas, by enhancing its competitiveness as the major pipes, valves and fittings solutions provider to the oil and gas and related upstream and downstream industries.

Barring further unforeseen circumstances, the Group is optimistic of its overall performance for the current financial year.

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-23 RM'000	Preceding Year Corresponding Quarter 31-Aug-22 RM'000	Current Year To Date 31-Aug-23 RM'000	Preceding Year Corresponding Period 31-Aug-22 RM'000
Current taxation	8,897	10,654	18,078	20,452
Transferred (to)/from deferred tax assets	-	(137)	-	182
Transferred (from)/to deferred tax liabilities	(17)	-	136	-
Crystallization of deferred taxation upon depreciation of revalued assets	(66)	(66)	(133)	(133)
	8,814	10,451	18,081	20,501



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 31 August 2023 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: -

<u>Borrowings</u>	Current RM'000	Non-current RM'000
<u>Unsecured: -</u>		
- Term loans	10,138	19,701
- Bankers' acceptances, trust receipts and other short term loan	227,134	-
- Foreign currency loan	26,161	-
	<u>263,433</u>	<u>19,701</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	<u>5,677</u>	<u>26,161</u>

<u>Lease Liabilities</u>	Current RM'000	Non-current RM'000
Lease Liabilities	<u>2,387</u>	<u>11,136</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 29 February 2024 (Preceding year corresponding quarter: 1.50 sen). The second interim dividend will be paid on 12 January 2024 to shareholders whose name appear on the Company's Record of Depositors on 29 December 2023.

The total dividend per share for the current financial year is 3.00 sen single tier dividend per ordinary share (Preceding year corresponding period: 3.00 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-23 RM'000	31-Aug-22 RM'000	31-Aug-23 RM'000	31-Aug-22 RM'000
Net profit attributable to owners of the Company	28,419	30,997	55,403	57,401
Weighted average number of ordinary share in issue ('000)	826,554	820,713	826,554	820,713
Basic earnings per ordinary share (sen)	3.44	3.78	6.70	6.99

b) Diluted Earnings per Share

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



INTERIM FINANCIAL REPORT

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

B10 Earnings per Share (continued)

b) Diluted Earnings per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Aug-23 RM'000	Preceding Year Corresponding Quarter 31-Aug-22 RM'000	Current Year To Date 31-Aug-23 RM'000	Preceding Year Corresponding Period 31-Aug-22 RM'000
Net profit attributable to owners of the Company:	28,419	30,997	55,403	57,401
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	826,554	820,713	826,554	820,713
Adjustment for dilutive effect on exercise of ESOS options ('000)	4,655	5,684	4,655	5,684
	831,209	826,397	831,209	826,397
Diluted earnings per ordinary share (sen)	3.42	3.75	6.67	6.95

B11 Share Buy Back

As at end of current quarter, a total of 19,498,993 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 RM0.50 per share.



INTERIM FINANCIAL REPORT

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

B12 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-Aug-23 RM'000	Financial Year Ended 31-Aug-23 RM'000
Interest income	1,209	1,951
Other income including investment income	163	404
Interest expense	(2,861)	(5,916)
Depreciation and amortization	(5,158)	(10,182)
(Allowance)/Reversal of allowance for impairment and write-off of receivables	(91)	366
(Allowance)/Reversal of allowance of slow moving and write off of inventories	(22)	(274)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	25	26
Fair value gain on other investments	116	47
Realised foreign exchange gain	2,867	6,333
Unrealised foreign exchange loss	(562)	(492)
Gain on derivatives	-	12
Exceptional items	-	-

Date: 19 October 2023