



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2013**

	First Quarter		Cumulative Quarter	
	Current Year 31/5/2013 RM'000	Preceding Year Corresponding Quarter 31/5/2012 RM'000	Current Year To Date 31/5/2013 RM'000	Preceding Year Corresponding Period 31/5/2012 RM'000
Revenue	162,263	145,230	162,263	145,230
Operating Expenses	(141,804)	(125,729)	(141,804)	(125,729)
Other Operating Income	814	947	814	947
Profit from Operations	21,273	20,448	21,273	20,448
Finance Cost	(2,749)	(3,135)	(2,749)	(3,135)
Share of profit/(loss) in associate company	(11)	569	(11)	569
Share of profit in joint venture company	9	29	9	29
Profit before taxation	18,522	17,911	18,522	17,911
Taxation	(4,760)	(5,452)	(4,760)	(5,452)
Profit for the period	13,762	12,459	13,762	12,459
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	(1,254)	1,670	(1,254)	1,670
Realisation of revaluation reserve upon depreciation of revalued asset	33	51	33	51
Transfer of revaluation reserve to unappropriated profit	(33)	(51)	(33)	(51)
Fair value gain/(loss) on cash flow hedge	106	(546)	106	(546)
Total comprehensive income for the period	12,614	13,583	12,614	13,583
Profit/(Loss) for the period attributable to:				
Owners of the Company	13,763	12,461	13,763	12,461
Non-controlling interest	(1)	(2)	(1)	(2)
	13,762	12,459	13,762	12,459
Total comprehensive income for the period attributable to:				
Owners of the Company	12,615	13,585	12,615	13,585
Non-controlling interest	(1)	(2)	(1)	(2)
	12,614	13,583	12,614	13,583
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	2.70	2.77	2.70	2.77
(b) Diluted earnings per RM0.20 share(sen)	2.20	2.18	2.20	2.18

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 2013 and the accompanying explanatory notes attached to the interim financial reports



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2013**

	31/5/2013 Unaudited	28/02/2013 Audited
	RM'000	RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	158,312	159,161
Prepaid Land Lease Payments	20,934	21,023
Investment Properties	200	200
Investment In An Associate Company	3,150	3,245
Investment In A Joint Venture Company	497	505
Available-for-sale Investment	7	7
Capital Work-in-progress	24,303	19,526
Goodwill on Consolidation	716	716
Deferred Tax Assets	3,808	3,054
	<u>211,927</u>	<u>207,437</u>
Current assets		
Inventories	246,853	259,178
Trade and Other Receivables	125,140	114,978
Amount Due from An Associate Company	25,289	38,476
Fixed Deposits with Licensed Banks	15,978	5,887
Cash and Bank Balances	62,449	73,266
	<u>475,709</u>	<u>491,785</u>
TOTAL ASSETS	<u>687,636</u>	<u>699,222</u>
EQUITY AND LIABILITIES		
Share Capital	103,233	102,201
Share Application Money	270	-
Share Premium	28,977	25,578
Treasury Shares	(1,670)	(1,670)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	25,327	25,491
Warrants Reserve	7,482	7,482
Revaluation Reserve	4,299	4,332
Other Reserves	5,561	7,602
Unappropriated Profit	219,685	205,929
Equity attributable to owners of the Parent	<u>393,164</u>	<u>376,945</u>
Non-controlling interest	73	74
Total Equity	<u>393,237</u>	<u>377,019</u>
Non-current liabilities		
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	6,630	7,135
Long Term Borrowings	79,061	75,449
Deferred Tax Liabilities	4,039	4,252
Derivative financial instruments	8	-
	<u>89,738</u>	<u>86,836</u>
Current liabilities		
Trade and Other Payables	46,209	40,809
Overdraft and Short Term Borrowings	150,977	181,006
Amount Due to A Joint Venture Company	557	351
Derivative financial instruments	121	204
Tax payable	6,797	6,905
Dividend Payable	-	6,092
	<u>204,661</u>	<u>235,367</u>
Total Liabilities	<u>294,399</u>	<u>322,203</u>
TOTAL EQUITY AND LIABILITIES	<u><u>687,636</u></u>	<u><u>699,222</u></u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.77	0.74

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 2013 and the accompanying explanatory notes attached to the interim



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2013

	GROUP 31/5/2013 RM'000	GROUP 31/5/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,522	17,911
Adjustments for:		
Depreciation of property, plant and equipment	2,213	2,389
Allowance for impairment of receivables	3,460	1,242
Allowance for slow moving inventories	97	73
Bad debts written off	9	92
Employees Share Option Scheme expenses	109	267
Unrealised exchange loss	412	231
Loss/(Gain) on disposal of property, plant and equipment	77	(42)
Loss on derivatives	27	115
Non-cash items	87	(508)
Interest Expenses	2,496	2,658
Interest Income	(297)	(314)
Operating profit before changes in working capital	27,212	24,114
Changes in working capital:-		
Net changes in inventories	12,228	(14,016)
Net changes in receivables	(13,630)	(4,739)
Net changes in current liabilities	4,986	1,633
Net changes in amount due from associate company	12,836	(1,753)
Net changes in bills payables	(27,001)	24,648
Cash generated from operations	16,631	29,887
Dividend paid	(6,096)	(5,393)
Tax paid	(5,926)	(2,018)
Net cash generated from operating activities	4,609	22,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	84	-
Acquisition of subsidiaries, net of cash acquired	-	(28,242)
Acquisition of non-controlling interest in associate company	-	(263)
Interest received	297	314
Purchase of property, plant and equipment	(2,051)	(3,315)
Proceeds from disposal of property, plant and equipment	1,018	52
Capital work-in-progress incurred	(5,176)	(3,357)
Net cash used in investing activities	(5,828)	(34,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	3,185	-
Purchase of treasury shares	-	(6)
Interest paid	(2,292)	(2,381)
Share application money received	270	-
Drawdown of borrowings	5,383	26,242
Repayment of borrowings	(4,799)	(3,122)
Net cash generated from financing activities	1,747	20,733
NET INCREASE IN CASH AND CASH EQUIVALENTS	528	8,398
EFFECT OF EXCHANGE RATE CHANGES	(1,254)	1,670
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	79,153	102,334
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	78,427	112,402

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 2013 and the accompanying explanatory notes attached to the interim financial reports.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2013

	← Attributable to Owners of the Company →												
	← Non-Distributable →							Distributable					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	ICULS- Equity component RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
Balance as at 1 March 2012 , restated	90,530	2,236	(1,650)	48,873	7,482	4,466	7,659	100	-	177,457	337,153	77	337,230
Transactions with owners:													
Acquisition of treasury shares	-	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
Share options granted under ESOS	-	-	-	-	-	-	267	-	-	-	267	-	267
Total transactions with owners	-	-	(6)	-	-	-	267	-	-	-	261	-	261
Total comprehensive income for the period	-	-	-	-	-	(51)	-	1,670	(546)	12,512	13,585	(2)	13,583
Balance as at 31 May 2012	90,530	2,236	(1,656)	48,873	7,482	4,415	7,926	1,770	(546)	189,969	350,999	75	351,074

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 2013 and the accompanying explanatory notes attached to the interim financial reports



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Company No. 733607 W
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2013 (Continued)

	Attributable to Owners of the Company											Total	Non-controlling Interest	Total Equity		
	Non-Distributable					Distributable										
	Share Capital	Share Application Money	Share Premium	Treasury Shares	ICULS-Equity component	Warrants Reserve	Revaluation Reserve	Share Option Reserve	Exchange Translation Reserve	Cash Flow Hedge Reserve	Unappropriated Profits	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 28 February 2013	102,201	-	25,578	(1,670)	25,491	7,482	4,332	8,726	(947)	(177)	205,929	376,945	74	377,019		
Transactions with owners:																
Issuance of shares pursuant to exercise of ESOS	951	270	3,236	-	-	-	-	(1,002)	-	-	-	3,455	-	3,455		
Issuance of shares pursuant to conversion of ICULS	81	-	163	-	(164)	-	-	-	-	-	(40)	40	-	40		
Share options granted under ESOS	-	-	-	-	-	-	-	109	-	-	-	109	-	109		
Total transactions with owners	1,032	270	3,399	-	(164)	-	-	(893)	-	-	(40)	3,604	-	3,604		
Total comprehensive income for the period	-	-	-	-	-	-	(33)	-	(1,254)	106	13,796	12,615	(1)	12,614		
Balance as at 31 May 2013	103,233	270	28,977	(1,670)	25,327	7,482	4,299	7,833	(2,201)	(71)	219,685	393,164	73	393,237		

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 2013 and the accompanying explanatory notes attached to the interim financial reports



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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 2013. 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 2013.

A2 Summary of Significant Accounting Policies

(a) Adoption of New and Revised Financial Reporting Standards

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 2013, except for adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial period beginning 1 January 2013:-

FRSs, Amendments to FRSs and IC Interpretations

MFRS 10: Consolidated Financial Statements

MFRS 11: Joint Arrangements

MFRS 12: Disclosure of Interests in Other Entities

MFRS 13: Fair Value Measurement

MFRS 119: Employee Benefits

MFRS 127: Separate Financial Statements

MFRS 128: Investments in Associates and Joint Ventures

Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans



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Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, 11 and 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

(b) Standards Issued But Not Yet Effective

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

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12: Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127: Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 7: Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

Adoption of these new and revised FRSs, Amendments to FRS and IC Interpretations will have no material impact on financial statements of the Group, except for the following:-

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 2013 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 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items that affected the assets, liabilities, equity, net income and cash flows of the Group during the quarter under review.



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A6 Material changes in estimates

There were no changes in estimates that have a material effect during the quarter under review.

A7 Debt and equity securities

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

- a) Employees' Share Option Scheme ("ESOS")
During the current financial year-to-date under review, 4,753,000 ordinary shares of RM 0.20 each were issued at RM 0.67 per share under Employees' Share Option Scheme.
- b) Irredeemable Convertible Unsecured Loan Stock ("ICULS")
During the current financial year-to-date under review, 2,444,000 units of ICULS have been converted to 407,333 ordinary shares of RM0.20 each.
- c) Treasury Shares
During the current financial year-to-date under review, there is no repurchased of ordinary share of its issued share capital from the open market.

The Company has the right to cancel, resell any repurchased shares 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, the number of ordinary shares in issue after deducting treasury shares against equity is 512,864,782 ordinary shares of RM0.20 each.

- d) Pantech Group Holdings Berhad had received the approval from the Securities Commission, vide its letter dated 3 November 2010, for the exemption sought by CTL Capital Holding Sdn Bhd ("**CTL Capital**") and the parties acting in concert with it ("**PACs**") pursuant to Practice Note 2.9.1 of the Malaysian Code on Take-Overs and Mergers, 1998 (replaced by Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 with effect from 15 December 2010).

Amongst others, the approval requires Pantech to disclose in its annual and interim accounts and any public document, including annual reports, prospectuses and circulars, for so long as the ESOS Options, ICULS and Warrants remain outstanding, the following:-

i. The time period for which the exemption has been granted;

The exemption has been granted from 3 November 2010 up to the issuance and listing of the new Pantech Shares pursuant to the mandatory conversion of ICULS at its maturity date or upon full conversion of ICULS, whichever date is earlier.



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ii. Number and percentage of voting shares in Pantech, and the number of ESOS Options, ICULS and Warrants held by CTL Capital and the PACs as at the latest practicable date prior to disclosure (12 July 2013);

Parties	Direct		Indirect		No of ICULS		No of Warrants		No. of ESOS Options (viii)
	No. of Voting Shares	% ⁽ⁱ⁾	No. of Voting Shares	% ⁽ⁱ⁾	Direct	Indirect	Direct	Indirect	
CTL Capital	107,196,480	20.01	-	-	95,463,982	-	17,346,398	-	-
GL Management Agency Sdn Bhd	79,895,960	14.91	-	-	32,381,300	-	12,838,130	-	-
Dato' Chew Ting Leng ("CTL")	-	-	107,196,480 ⁽ⁱⁱ⁾	20.01	-	95,463,982 ⁽ⁱⁱ⁾	-	17,346,398 ⁽ⁱⁱ⁾	4,500,000
Dato' Goh Teoh Kean ("GTK")	-	-	79,895,960 ⁽ⁱⁱⁱ⁾	14.91	-	32,381,300 ⁽ⁱⁱⁱ⁾	-	12,838,130 ⁽ⁱⁱⁱ⁾	4,500,000
Tan Ang Ang ("TAA")	8,889,900	1.66	1,633,000 ^(iv)	0.30	600	-	1,347,240	213,000 ^(iv)	4,500,000
To Tai Wai ("TTW")	12,320,580	2.30	-	-	21,118,800	-	2,111,880	-	3,150,000
Datin Shum Kah Lin ("SKL")	-	-	107,196,480 ^(v)	20.01	-	95,463,982 ^(v)	-	17,346,398 ^(v)	-
Datin Lee Sock Kee ("LSK")	-	-	79,895,960 ^(vi)	14.91	-	32,381,300 ^(vi)	-	12,838,130 ^(vi)	-
Yong Yui Kiew ("YYK")	1,633,000	0.30	8,889,900 ^(vii)	1.66	-	600 ^(vii)	213,000	1,347,240 ^(vii)	-
TOTAL	209,935,920	39.18	-	-	148,964,682	-	33,856,648	-	16,650,000

Notes:-

- (i) Excluding a total of 3,352,300 treasury shares
- (ii) Deemed interested by virtue of his and his spouse SKL's interests in CTL Capital pursuant to Section 6A of the Companies Act, 1965 ("Act").
- (iii) Deemed interested by virtue of his and his spouse LSK's interests in GL Management Agency Sdn Bhd ("GL Management") pursuant to Section 6A of the Act.
- (iv) Deemed interested by virtue of his spouse YYK's direct shareholding in the Company pursuant to Section 134(12) of the Act
- (v) Deemed interested by virtue of her and her spouse CTL's interests in CTL Capital pursuant to Section 6A of the Act.
- (vi) Deemed interested by virtue of her and her spouse GTK's interests in GL Management pursuant to Section 6A of the Act.
- (vii) Deemed interested by virtue of her spouse TAA's direct shareholding in the Company pursuant to Section 134(12) of the Act.
- (viii) Only 80% of the ESOS Option is exercisable as at 12 July 2013.



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- iii. The maximum potential voting shares or voting rights of CTL Capital and its PACs in Pantech, assuming only CTL Capital and its PACs (but not other shareholders) exercise the ESOS Options, ICULS and Warrants in full;

Parties	Direct		Indirect	
	No. of voting shares	%	No. of voting shares	%
CTL Capital	140,453,542	22.98	-	-
GL Management	98,130,973	16.06	-	-
CTL	4,500,000	0.74	140,453,542 ⁽ⁱ⁾	22.98
GTK	4,500,000	0.74	98,130,973 ⁽ⁱⁱ⁾	16.06
TAA	14,737,240	2.41	1,846,000 ⁽ⁱⁱⁱ⁾	0.30
TTW	21,102,260	3.45	-	-
SKL	-	-	144,953,542 ^(iv)	23.72
LSK	-	-	102,630,973 ^(v)	16.80
YYK	1,846,000	0.30	14,737,240 ^(vi)	2.41
TOTAL	285,270,015	46.68	-	-

Notes:-

- (i) Deemed interested by virtue of his and his spouse SKL's interests in CTL Capital pursuant to Section 6A of the Act.
(ii) Deemed interested by virtue of his and his spouse LSK's interests in GL Management pursuant to Section 6A of the Act.
(iii) Deemed interested by virtue of his spouse YYK's direct shareholding in the Company pursuant to Section 134(12) of the Act
(iv) Deemed interested by virtue of her and her spouse CTL's interests in CTL Capital pursuant to Section 6A of the Act.
(v) Deemed interested by virtue of her and her spouse GTK's interests in GL Management pursuant to Section 6A of the Act.
(vi) Deemed interested by virtue of her spouse TAA's direct shareholding in the Company pursuant to Section 134(12) of the Act.

- iv. No take-over offer would arise on full exercise of the ESOS Options and Warrants and conversion of ICULS by CTL Capital and the PACs.



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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 2013, paid on 17 April 2013 Single tier dividend on 1.2 sen per ordinary share of RM0.20	6,096	-
Second interim dividend in respect of financial year ended 29 February 2012, paid on 26 March 2012 Single tier dividend on 1.2 sen per ordinary share of RM0.20	-	5,393
	6,096	5,393

A9 Segment Information

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

	Trading of PFF products RM'000	Manufacturing of pipes & pipe fittings RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 May 2013					
Revenue					
External Revenue	79,755	82,508	-	-	162,263
Intersegment revenue	5,561	9,133	9,233	(23,927)	-
Total revenue	85,316	91,641	9,233	(23,927)	162,263
Segment Profit	8,903	12,613	8,666	(9,206)	20,976
Interest income					297
Finance costs					(2,749)
Share of profit of joint venture					9
Share of loss of associate					(11)
Profit before tax					18,522



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	Trading of PFF products RM'000	Manufacturing of pipes & pipe fittings RM'000	Investment and Management RM'000	Elimination RM'000	Total RM'000
Period Ended 31 May 2012					
Revenue					
External Revenue	90,162	55,068	-	-	145,230
Intersegment revenue	6,002	11,863	15,018	(32,883)	-
Total revenue	96,164	66,931	15,018	(32,883)	145,230
Segment Profit	15,138	5,390	13,944	(14,338)	20,134
Interest income					314
Finance costs					(3,135)
Share of profit of joint venture					29
Share of profit of associate					569
Profit before tax					17,911

* PFF : Represents pipes, fittings and flow controls.

Analysis of the Group's revenue by geographical segments:

	Revenue	
	-- 3 months ended 31 May 2013 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	166,660	156,779
Generated by overseas operation	19,530	21,334
	186,190	178,113
Inter-segments elimination	(23,927)	(32,883)
	162,263	145,230

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 were no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the financial year ended 28 February 2013.



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A11 Material events subsequent to the end of the interim period

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

A12 Changes in the composition of the Group

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 May 2013
	RM'000
Corporate guarantees	<u>567,394</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 May 2013 are as follows:

	RM'000
Approved and contracted for	<u>20,459</u>
Analyzed as follows:	
- Property, plant and equipment	<u>20,459</u>



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

B1 Review of Performance

Business Segment	Revenue		Revenue	
	Current Quarter		3 months to	
	31-May-2013	31-May-2012	31-May-2013	31-May-2012
	RM'000	RM'000	RM'000	RM'000
Trading	79,755	90,162	79,755	90,162
Manufacturing	82,508	55,068	82,508	55,068
Investment and Management	-	-	-	-
Consolidated Total	162,263	145,230	162,263	145,230

Business Segment	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		3 months to	
	31-May-2013	31-May-2012	31-May-2013	31-May-2012
	RM'000	RM'000	RM'000	RM'000
Trading	7,656	14,997	7,656	14,997
Manufacturing	12,169	4,676	12,169	4,676
Investment and Management	(1,303)	(1,762)	(1,303)	(1,762)
Consolidated Total	18,522	17,911	18,522	17,911

Trading Division

For the 3 months ended 31 May 2013, the trading division recorded lower external revenue of RM79.76 million (Q1FY13: RM90.16 million) and lower segment profit before tax of RM7.66 million (Q1FY13: RM15.00 million), a decrease of approximately 12% and 49% respectively. The lower revenue is mainly due to weaker sales demand from oil and gas sector with slower project execution, and with the increase in operating expenses and change in product mix, this translate to lower profit before tax.

Manufacturing Division

For the 3 months ended 31 May 2013, the manufacturing division achieved higher external revenue of RM82.51 million (Q1FY13: RM55.07 million) and higher segment profit before tax of RM12.17 million (Q1FY13: RM4.68 million), an increase of approximately 50% and 160% respectively.

The higher revenue is contributed by the increase in manufacturing output from both the carbon steel and stainless plants to satisfy the increase in both the local and export sales demand.



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The higher segment profit before tax was mainly contributed by the improved product mix of carbon steels manufacturing division through higher sales of market niche products, together with the stainless steel manufacturing division breaking even on its operation.

Investment and Management Division

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

Group Performance

For the 3 months ended 31 May 2013, the Group registered higher revenue of RM162.26 million (Q1FY13: RM145.23 million) and a higher profit before taxation of RM18.52 million (Q1FY13: RM17.91 million), an increase of approximately 12% and 3% respectively. The better performance of the Group is mainly due to improved sales by the manufacturing division.

Corresponding to the better performance of the Group, the Group profit after taxation for the 3 months ended 31 May 2013 has registered an increase of approximately 10% to RM13.76 million (Q1FY13: RM12.46 million).

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported higher revenue of RM162.26 million compared to RM154.8 million recorded for preceding quarter. Profit after taxation has also increase in tandem with the revenue to RM13.76 million compared to preceding quarter of RM13.68 million. The stronger quarterly performance is mainly due to the higher products demand from the local and export market by the manufacturing division.

B3 Prospects

The Group will continue to focus and expand on its existing revenue generating businesses and seek opportunities to grow its businesses, both locally and overseas, by expanding its capacity as the major pipes, fittings and flow controls solutions provider to the oil and gas industries and related upstream and downstream industries.

The new oil and gas discoveries offshore Malaysia and the on-going oil and gas investment is expected to intensify capital investment in this sector. The Group is of the view that the long term outlook of the oil and gas industries continues to be positive and barring any unforeseen circumstances, the Group expects its overall performance for the current financial year to remain satisfactory.

B4 Variance on Profit Forecast/Profit Guarantee

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



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B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-May-13 RM'000	Preceding Year Corresponding Quarter 31-May-12 RM'000	Current Year To Date 31-May-13 RM'000	Preceding Year Corresponding Period 31-May-12 RM'000
Current taxation	5,525	5,278	5,525	5,278
Transferred from / (to) deferred tax assets	(891)	252	(891)	252
Transferred (from) / to deferred taxation	126	(78)	126	(78)
	4,760	5,452	4,760	5,452

Tax expense for the current quarter and financial year-to-date ended 31 May 2013 is derived based on the 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 are not deductible for tax purposes.

B6 Group borrowings and debt securities

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

	Current RM'000	Non-current RM'000
<u>Secured:-</u>		
- Term loan	45	-
<u>Unsecured:-</u>		
- Term loans	14,588	71,775
- Hire purchase	2,715	7,286
- Bankers' acceptances, trust receipts and other short term loan	92,182	-
- Onshore foreign currency loan	41,447	-
	150,977	79,061

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	13,739	41,447



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B7 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.

B8 Dividends

The Board of directors has approved and declared a first interim single tier dividend of 1.2 sen per ordinary share in respect of the financial year ending 28 February 2014 (Previous year corresponding period: 1.0 sen). The first interim dividend will be paid on 22 October 2013 to shareholders whose names appear on the Company's Record of Depositors on 8 October 2013.

The total dividend per share for the current financial year is 1.2 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 1.0 sen)

B9 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-May-13 RM'000	31-May-12 RM'000	31-May-13 RM'000	31-May-12 RM'000
Net profit attributable to owners of the Company	13,763	12,461	13,763	12,461
Weighted average number of ordinary share in issue ('000)	509,752	449,375	509,752	449,375
Basic earnings per RM0.20 share (sen)	2.70	2.77	2.70	2.77

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 have been



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adjusted for the dilutive effect of ordinary shares that would be issued upon conversion of all outstanding Irredeemable Convertible Unsecured Loan Stock (“ICULS”), warrants and ESOS.

B9 Earnings Per Share (Cont’d)

b) Diluted Earnings Per Share (cont’d)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-May-13 RM’000	31-May-12 RM’000	31-May-13 RM’000	31-May-12 RM’000
Adjusted net profit for the period attributable to owners of the Company:				
Net profit attributable to owners of the Company	13,763	12,461	13,763	12,461
Impact on income statement upon conversion of ICULS	78	27	78	27
	13,841	12,488	13,841	12,488
Adjusted weighted average number of shares (‘000):				
Weighted average number of ordinary share in issue (‘000)	509,752	449,375	509,752	449,375
Adjustment for dilutive effect on conversion of ICULS (‘000)	63,415	121,973	63,415	121,973
Adjustment for dilutive effect on Exercise of Warrants (‘000)	24,379	-	24,379	-
Adjustment for dilutive effect on Exercise of ESOS options (‘000)	32,285	-	32,285	-
	629,831	571,348	629,831	571,348
Diluted earnings per RM0.20 share (sen)	2.20	2.18	2.20	2.18



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B10 Share Buy Back

As at end of current quarter, a total of 3,302,300 ordinary shares of RM0.20 each were retained as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. The average price paid for the shares repurchased was RM 0.506 per share.

B11 Realized and Unrealized Profits / (Losses) disclosure

	As at 31-May-13	As at 28-Feb-13
	RM'000	RM'000
Total unappropriated profits of Pantech and its subsidiaries:		
- Realized	304,350	290,360
- Unrealized	48	(242)
	304,398	290,118
Total share of unappropriated profits from associate company:		
- Realized	2,753	2,981
- Unrealized	(25)	(25)
	2,728	2,956
Total share of unappropriated profits from jointly controlled entity:		
- Realized	340	348
- Unrealized	(3)	(3)
	337	345
	307,463	293,419
Less: consolidation adjustments	(87,778)	(87,490)
Total Group unappropriated profits	219,685	205,929



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B12 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-May-13 RM'000	Financial Year Ended 31-May-13 RM'000
Interest income	297	297
Other income including investment income	111	111
Interest expense	(2,496)	(2,496)
Depreciation and amortization	(2,302)	(2,302)
Allowance for impairment and write off of receivables	(3,469)	(3,469)
Allowance for slow moving and write off of inventories	(97)	(97)
Gain/(loss) on disposal of quoted or unquoted investment or properties	(77)	(77)
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(46)	(46)
Unrealised foreign exchange gain/(loss)	(412)	(412)
(Loss)/Gain on derivatives	(27)	(27)
Exceptional items	-	-

Date: 24th July 2013