



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2010

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2010 RM'000	Preceding Year Corresponding Quarter 31/8/2009 RM'000	Current Year To Date 31/8/2010 RM'000	Preceding Year Corresponding Period 31/8/2009 RM'000
Revenue	97,138	119,370	187,445	243,293
Operating Expenses	(83,430)	(96,086)	(161,903)	(200,390)
Other Operating Income	527	198	957	713
Profit from Operations	14,235	23,482	26,499	43,616
Finance Cost	(1,716)	(1,626)	(2,843)	(3,683)
Share of profit in associate company	97	291	133	477
Share of profit in joint venture company	86	1	86	5
Profit before taxation	12,702	22,148	23,875	40,415
Taxation	(3,370)	(7,418)	(6,160)	(12,102)
Profit for the period	9,332	14,730	17,715	28,313
Other comprehensive income / (loss), net of tax				
Foreign currency translation differences for foreign operation	(50)	168	(426)	283
Fair value gain on cash flow hedge	49	-	69	-
Total comprehensive income for the period	9,331	14,898	17,358	28,596
Profit/(Loss) for the period attributable to:				
Owners of the Company	9,335	14,730	17,721	28,313
Non-controlling interests	(3)	-	(6)	-
	9,332	14,730	17,715	28,313
Total comprehensive income for the period attributable to:				
Owners of the Company	9,334	14,898	17,364	28,596
Non-controlling interests	(3)	-	(6)	-
	9,331	14,898	17,358	28,596
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	2.49	3.94	4.74	7.57
(b) Diluted earnings per RM0.20 share(sen)	2.43	N/A	4.62	N/A

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 2010 and the accompanying explanatory notes attached to the interim financial reports

**PANTECH GROUP HOLDINGS BERHAD**Company No. 733607 W
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2010**

	31/8/2010	28/02/2010
	RM'000	RM'000
ASSETS		(Restated)
Non-Current assets		
Property, Plant And Equipment	56,134	58,322
Prepaid land lease payments	18,844	18,894
Investment Properties	3,040	3,040
Investment In An Associate Company	1,888	1,771
Investment In A Joint Venture Company	398	324
Available-for-sale Investment	7	7
Capital work-in-progress	14,866	167
Deferred Tax Assets	1,140	2,719
	<u>96,317</u>	<u>85,244</u>
Current assets		
Inventories	159,146	153,668
Trade and Other Receivables	79,213	47,907
Amount Due from An Associate Company	28,457	41,340
Derivative financial assets	69	-
Fixed Deposits	12,828	10,330
Cash and Bank Balances	64,510	52,286
	<u>344,223</u>	<u>305,531</u>
TOTAL ASSETS	<u>440,540</u>	<u>390,775</u>
EQUITY AND LIABILITIES		
Share Capital	75,005	75,000
Share Premium	16,094	16,067
Treasury Shares	(380)	(380)
Reserves	157,868	142,204
Equity attributable to owners of the Company	<u>248,587</u>	<u>232,891</u>
Non-controlling Interest	94	#
Total Equity	<u>248,681</u>	<u>232,891</u>
Non-current liabilities		
Long Term Borrowings	41,860	22,381
Deferred Taxation	3,537	3,539
	<u>45,397</u>	<u>25,920</u>
Current liabilities		
Trade and Other Payables	33,059	23,364
Overdraft and Short Term Borrowings	105,764	97,179
Amount Due to A Joint Venture Company	-	79
Tax payable	3,149	5,729
Dividend Payable	4,490	5,613
	<u>146,462</u>	<u>131,964</u>
Total Liabilities	<u>191,859</u>	<u>157,884</u>
TOTAL EQUITY AND LIABILITIES	<u>440,540</u>	<u>390,775</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.66	0.62

Note: # RM 1.00

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 2010 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 2010**

	GROUP 31/8/2010 RM'000	GROUP 31/8/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,875	40,415
Adjustments for:		
Non-cash items	(4,052)	7,614
Non-operating items	1,938	2,720
Operating profit before changes in working capital	21,761	50,749
Changes in working capital:-		
Net changes in current assets	(14,988)	16,231
Net changes in current liabilities	10,121	(6,014)
Net changes in bills payables	24,480	(42,532)
Cash generated from operations	41,374	18,434
Dividend paid	(5,613)	(2,994)
Dividend received	-	345
Interest paid	(2,434)	(3,173)
Interest received	496	108
Tax paid	(7,428)	(7,211)
Net cash generated from operating activities	26,395	5,509
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from minority interest on subscription of shares	100	-
Purchase of property, plant and equipment	(339)	(7,190)
Proceeds from disposal of property, plant and equipment	84	2
Capital work-in-progress incurred	(14,699)	-
Net cash used in investing activities	(14,854)	(7,188)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issue	22	-
Drawdown of borrowings	26,205	4,861
Repayment of borrowings	(22,620)	(1,633)
Net cash generated from financing activities	3,607	3,228
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,148	1,549
EFFECT OF EXCHANGE RATE CHANGES	(426)	283
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	62,616	33,857
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	77,338	35,689

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 2010 and the accompanying explanatory notes attached to the interim financial reports.



PANTECH GROUP HOLDINGS BERHAD

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(Incorporated in Malaysia)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2010**

	Attributable to Owners of the Company						Unappropriated Profit	Total	Non-controlling Interests	Total Equity
	Non-Distributable									
	Share Capital	Share Premium	Share Option Reserve	Exchange Reserve	Hedging Reserve	Treasury Shares	RM'000	RM'000	RM'000	RM'000
Balance as at 1 March 2009	75,000	16,067	-	147	-	(380)	109,051	199,885	-	199,885
Total comprehensive income for the period	-	-	-	283	-	-	28,313	28,596	-	28,596
Interim dividend paid to shareholders	-	-	-	-	-	-	(2,994)	(2,994)	-	(2,994)
Balance as at 31 August 2009	<u>75,000</u>	<u>16,067</u>	<u>-</u>	<u>430</u>	<u>-</u>	<u>(380)</u>	<u>134,370</u>	<u>225,487</u>	<u>-</u>	<u>225,487</u>
Balance as at 1 March 2010	75,000	16,067	-	242	-	(380)	141,962	232,891	#	232,891
Issuance of shares under ESOS	5	17	-	-	-	-	-	22	-	22
Share Option granted under ESOS	-	-	2,800	-	-	-	-	2,800	-	2,800
Transfer to share premium for share option exercised	-	10	(10)	-	-	-	-	-	-	-
Increase Share Capital in subsidiary company	-	-	-	-	-	-	-	-	100	100
Total comprehensive income for the period	-	-	-	(426)	69	-	17,721	17,364	(6)	17,358
Final dividend payable to shareholders	-	-	-	-	-	-	(4,490)	(4,490)	-	(4,490)
Balance as at 31 August 2010	<u>75,005</u>	<u>16,094</u>	<u>2,790</u>	<u>(184)</u>	<u>69</u>	<u>(380)</u>	<u>155,193</u>	<u>248,587</u>	<u>94</u>	<u>248,681</u>

Note: # RM 1.00

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 28 February 2010 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

A. NOTES TO THE INTERIM FINANCIAL REPORT

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 FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2010. 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 2010.

(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 2010, except for adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial period beginning 1 March 2010:-

FRSs, Amendments to FRSs and IC Interpretations

Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	- Share-based Payment
FRS 4	- Insurance Contracts
Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations
FRS 7	- Financial Instruments: Disclosures
Amendments to FRS 7	- Financial Instruments: Disclosures
FRS 8	- Operating Segments
Amendment to FRS 8	- Operating Segments
FRS 101	- Presentation of Financial Statements
Amendment to FRS 101	- Presentation of Financial Statements
Amendment to FRS 107	- Statement of Cash Flows
Amendment to FRS 108	- Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	- Events After the Reporting Period
Amendment to FRS 116	- Property, Plant and Equipment
Amendment to FRS 117	- Leases
Amendment to FRS 118	- Revenue



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Amendment to FRS 119	- Employee Benefits
Amendment to FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	- Borrowing Costs
Amendments to FRS 123	- Borrowing Costs
Amendments to FRS 127	- Consolidated and Separate Financial Statements
Amendments to FRS 128	- Investments in Associates
Amendment to FRS 129	- Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	- Interests in Joint Ventures
Amendments to FRS 132	- Financial Instruments: Presentation
Amendments to FRS 134	- Interim Financial Reporting
Amendments to FRS 136	- Impairment of Assets
Amendments to FRS 138	- Intangible Assets
FRS 139	- Financial Instruments: Recognition and Measurement
Amendment to FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 140	- Investment Property
IC Interpretation 9	- Reassessment of Embedded Derivatives
IC Interpretation 10	- Interim Financial Reporting and Impairment
IC Interpretation 11	- FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	- Customer Loyalty Programmes
IC Interpretation 14	- FRS 119 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

(b) FRSs, Amendments to FRSs and IC Interpretations Issued but Not Adopted

All the above IC Interpretations 9,13,14, FRS 4, amendments to FRS 1,5,120,129 and 138 are not applicable to the Group Operations.

The following are the standards and IC Interpretations which are not yet effective and have not been early adopted by the Group, which are mandatory for financial period beginning on or after 1 July 2010:-

FRS 1	- First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	- Share-Based Payment
FRS 3	- Business Combinations
Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations
FRS 127	- Consolidated and Separate Financial Statements
Amendments to FRS 138	- Intangible Assets



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Amendments to IC Interpretation 9	- Reassessment of Embedded Derivatives
IC Interpretation 12	- Service Concession Arrangements
IC Interpretation 15	- Agreements for the Construction of Real Estate
IC Interpretation 16	- Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	- Distributions of Non-Cash Assets to Owners

The followings are the standards and the IC Interpretations which are not yet effective and have not been early adopted by the Group, which are mandatory for financial period beginning on or after 1 January 2011: -

Amendments to FRS 1	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	- Additional Exemption for First-time Adopters
Amendments to FRS 2	- Share Based Payment
Amendments to FRS 7	- Improving Disclosures about Financial Instruments
IC Interpretation 4	- Determining whether An Arrangement contains a Lease
IC Interpretation 18	- Transfer of Assets from Customers

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:-

FRS 101 (revised) Presentation of Financial Statements

Before adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. After adoption of the revised FRS 101 in 2010, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income. The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity. Comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and does not have any impact on the financial position and results of the Group.



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FRS 123 Borrowing Costs

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognize all borrowing costs immediately as an expense. The Group shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments: Recognition and Measurement

The new standard on FRS 139 Financial Instruments: Recognition and Measurement establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at statement of financial position date reflects the designation of the financial instruments.

1. Available-for-sale investment

Prior to 1 January 2010, AFS financial assets such as investments were accounted for at cost adjusted for amortization of premium and accretion of discount less impairment of at the lower of cost and market value, determined on an aggregate basis. Under FRS 139, AFS financial assets is measured at fair value initially and subsequently with amortization of premium with accretion of discount and other accrual of income recognized in statement of comprehensive income and with unrealized gains or losses recognized as other comprehensive income in the AFS reserve until the investment is derecognized at which time the cumulative gain or loss recognized in the statement of comprehensive income of determined to be impaired, at which time the cumulative loss is recognized in the statement of comprehensive income and removed from the AFS reserve.

2. Derivative Financial Instruments

The Group designated certain derivative as hedges of a particular risk associated with a recognized asset of liability or a highly probable forecast transaction (cash flow hedge). The Group has entered into:

- a) Foreign currency forward contracts which is a cash flow hedge for the Group's exposure to fluctuation of currency.



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In accordance with transitional provision of FRS 139, the above changes in accounting policy have been accounted for prospectively and the comparatives as at 28 February 2010 are not restated. The effects of the changes have been accounted for by adjusting the following opening balances on 1 March 2010:

	As previously reported As at 28.2.2010	Effects of adopting FRS 139	After effects of adopting FRS 139 As at 1.3.2010
	RM'000	RM'000	RM'000
Other investment	7	(7)	-
Available-for-sale investment	-	7	7

A2 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 2010 were not subject to any audit qualification.

A3 Seasonal or cyclical factors

The Group's business operations were not affected by any seasonal or cyclical factors.

A4 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.

A5 Material changes in estimates

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



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A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current quarter under review.

A7 Dividend Paid

	Current Year	Preceding Year
	To-date	Corresponding Period
	RM'000	RM'000
Special Second Interim dividend in respect of financial year ended 28 February 2010, paid on 20 April 2010 - Single tier dividend of 1.5 sen per ordinary share of RM0.20	5,613	
Special Second Interim dividend in respect of financial year ended 28 February 2009, paid on 12 May 2009 - Single tier dividend of 0.8 sen per ordinary share of RM0.20		2,994
	5,613	2,994

Subsequent to the interim financial period ended 31 August 2010, the company had on 22nd September 2010 paid a Final single tier dividend of 1.2 sen per ordinary share of RM0.20 each in respect of financial year ended 28th February 2010 amounting to RM 4.49 million.



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A8 Segment Information

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

	Revenue		Profit before tax	
	----- 6 months ended 31 August 2010 -----			
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Trading of PFF*	152,618	234,301	26,776	39,526
Manufacturing of pipe fittings	47,791	29,159	2,666	3,818
Investments and management	12,752	6,155	8,921	5,258
	213,161	269,615	38,363	48,602
Inter-segments elimination	(25,716)	(26,322)	(12,360)	(5,094)
	187,445	243,293	26,003	43,508
Unallocated expenses			-	-
			26,003	43,508
Interest income			496	108
Finance cost			(2,843)	(3,683)
Share of profit in associate			133	477
Share of profit in joint venture			86	5
			23,875	40,415

* PFF : Represents pipes, fittings and flow controls

Analysis of the Group's revenue by geographical segments:

	Revenue	
	----- 6 months ended 31 August 2010-----	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	204,102	238,510
Generated by overseas operation	9,059	31,105
	213,161	269,615
Inter-segments elimination	(25,716)	(26,322)
	187,445	243,293

A9 Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the year ended 28 February 2010.



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A10 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.

A11 Changes in the composition of the Group

The Company has on 28 July 2010 increased its investment in its subsidiary, Pantech International (KSA) Sdn Bhd ("PKSA") by the subscription of an additional 810,000 ordinary shares of RM1.00 at par for cash in the share capital of PKSA ("the Subscription") for working capital purposes. Following the Subscription, Pantech's shareholdings in PKSA has increased from 90,000 ordinary shares of RM1.00 each to 900,000 ordinary shares of RM1.00 each. Pantech's equity remains at 90%.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

A12 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 supplier for credit facilities granted to its subsidiaries:-

31 August 2010

RM'000

Corporate guarantees	<u>514,702</u> *
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* Represents the total limit of Pantech's corporate guarantee

A13 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31 August 2010 are as follows:

RM'000

Approved and contracted for	<u>19,556</u>
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Analyzed as follows:

- Property, plant and equipment	<u>19,556</u>
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INTERIM FINANCIAL REPORT

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

B1 Review of Performance

For the six months ended 31 August 2010, the Group registered lower revenue of RM187.4 million (1st half FY2010 : RM243.3 million) due mainly to lower sales volume from trading division. In line with the lower trading revenue achieved and manufacturing division affected by higher material costs and weakening US Dollar, the Group posted a lower profit before taxation of RM23.9 million (1st half FY2010 : RM40.4 million) and profit after taxation of RM17.7 million (1st half FY2010 : RM28.3 million)

For the current quarter under review with comparison to last year corresponding quarter, the Group registered lower revenue of RM97.1 million (Q2FY2010 : RM119.4 million) due mainly to lower sales volume from trading division. In line with the lower trading revenue achieved and manufacturing division affected by higher material costs and weakening US Dollar, the group posted a lower profit after taxation of RM9.3 million (Q2FY2010: RM14.7 million).

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported higher revenue of RM97.1 million compared to RM90.3 million recorded for preceding quarter due mainly to higher sales volume from trading and manufacturing division. In line with the higher revenue registered, the Group posted a higher net profit after taxation of RM9.3 million (Q1FY2011 : RM8.4 million).

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 down-stream industries.

Barring any unforeseen circumstances, the Group is of the view that its performance and outlook will continue be positive for the current financial year while the long term outlook of the oil and gas industries continues to be positive.

B4 Variance on Profit Forecast/Profit Guarantee

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



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B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Aug-10 RM'000	31-Aug-09 RM'000	31-Aug-10 RM'000	31-Aug-09 RM'000
Current taxation	2,571	7,418	4,581	12,102
Transferred from deferred tax assets	799	-	1,579	-
	<u>3,370</u>	<u>7,418</u>	<u>6,160</u>	<u>12,102</u>

Tax expense for the current quarter and financial year to-date ended 31 August 2010 is derived based on the management's best estimate of the tax charges for the year.

B6 Profit on sale of unquoted investments and/or properties

There is no sale of unquoted investment and/or properties for the current quarter and financial year to-date under review.

B7 Quoted securities

There were no purchases or disposals of quoted securities during the financial quarter under review and financial year to-date.

B8 Status of corporate proposals

The Company is proposing to undertake the following:

- 1) Proposed bonus issue of up to 77,213,675 new ordinary shares of RM0.20 each in Pantech ("Bonus Share(s)") on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of RM0.20 each held in Pantech ("Pantech Shares"). ("Proposed Bonus Issue")
- 2) Proposed renounceable rights issue of up to RM77,213,675 nominal value of 7-year 7% irredeemable convertible unsecured loan stocks ("ICULS") on the basis of two (2) RM0.10 nominal value of ICULS for every one (1) Pantech Share held on an entitlement date to be determined later together with 77,213,675 free detachable warrants ("Warrants") on the basis of one (1) Warrant for every ten (10) ICULS subscribed for ("Proposed Rights Issue"); and



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B8 Status of corporate proposals (Con't)

- 3) Proposed exemption to CTL Capital Holding Sdn Bhd (“CTL Capital”), and the persons acting in concert with it (“PACs”), namely, GL Management Agency Sdn Bhd, Dato’ Chew Ting Leng, Dato’ Goh Teoh Kean, Tan Ang Ang, To Tai Wai, Datin Shum Kah Lin, Datin Lee Sock Kee and Yong Yui Kiew from the obligation to undertake a mandatory take-over offer for all the remaining Pantech Shares in the Company not already owned by CTL Capital and the PACs as provided by the Malaysian Code on Take-Overs and Mergers, 1998. (“Proposed Exemption”)

(Collectively referred to as “Proposals”)

The Proposals are conditional upon approvals being obtained from the following:-

- (i) Securities Commission for the issuance of the ICULS which was obtained vide its letter dated 30 September 2010;
- (ii) Securities Commission for the Proposed Exemption;
- (iii) Bank Negara Malaysia for the issuance of Warrants to the entitled shareholders of Pantech who are non-residents which was obtained vide its letter dated 27 August 2010;
- (iv) Bursa Malaysia Securities Berhad, for the listing of and quotation for the Bonus Shares, ICULS and Warrants to be issued as well as the new Pantech Shares to be issued upon conversion of the ICULS and exercise of the Warrants on Bursa Malaysia Securities Berhad which was obtained vide its letter dated 23 August 2010;
- (v) Shareholders of Pantech at an Extraordinary General Meeting to be convened for the Proposals; and
- (vi) Any other relevant authority (if required).

On 14 October 2010, the Company announced that an Extraordinary General Meeting will be held on 28 October 2010 to obtain shareholders’ approval for the Proposals.



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B9 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	86	167
<u>Unsecured:-</u>		
- Term loans	9,062	40,144
- Hire purchase	1,068	1,549
- Bankers' acceptances, trust receipts and other short term loan	76,192	-
- Onshore foreign currency loan	19,356	-
	105,764	41,860

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	6,125	19,356
Singapore Dollar	152	353

B10 Derivative Financial Instruments

Details of outstanding derivative financial instruments as at 31 August 2010:-

Type of Derivatives	Contract/ Notional Value (RM'000)	Fair Value (RM'000)	Gain/(Loss) on Fair Value Changes (RM'000)	Purpose
Forward Exchange Contract - Maturing within 3 months	2,270	2,199	71	Hedging for contracted sales and trade receivables
Forward Exchange Contract - Maturing within 1 month	2,586	2,584	(2)	Hedging for contracted purchase and trade payables

B11 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.



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B12 Dividends

The Board of directors has approved and declared first interim single tier dividend of 1.0 sen per ordinary share and a special interim single tier dividend of 0.5 sen per ordinary share of RM0.20 each in respect of the financial year ending 28 February 2011 (Previous year corresponding period: single tier dividend of 1.0 sen per ordinary share and a special interim single tier dividend of 0.5 sen per ordinary share of RM 0.20 each). The interim dividend will be paid on 3rd December 2010 to shareholders whose names appear on the Company's Record of Depositors on 18th November 2010.

The total dividend per share for the current financial year is 1.5 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 1.5 sen single tier dividend per ordinary share of RM 0.20 each)

B13 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-August-10 RM'000	31-August-09 RM'000	31-August-10 RM'000	31-August-09 RM'000
Net profit attributable to owners of the Company	9,335	14,730	17,721	28,313
Weighted average number of ordinary share in issue ('000)	374,205	374,179	374,205	374,179
Basic earnings per RM0.20 share (sen)	2.49	3.94	4.74	7.57



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B13 Earnings Per Share (Con't)

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 adjusted for the dilutive effect of ordinary shares from exercise of ESOS options granted to employees:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-August-10 RM'000	31-August-09 RM'000	31-August-10 RM'000	31August-09 RM'000
Net profit attributable to owners of the Company	<u>9,335</u>	14,730	<u>17,721</u>	28,313
Weighted average number of ordinary share in issue ('000)	374,205	374,179	374,205	374,179
Adjustment for dilutive effect of unexercised share options ('000)	<u>9,488</u>	-	<u>9,488</u>	-
Adjusted weighted average number of shares for Diluted Earnings Per Share ('000)	<u>383,693</u>	374,179	<u>383,693</u>	374,179
Diluted earnings per RM0.20 share (sen)	<u>2.43</u>	N/A	<u>4.62</u>	N/A

B14 Share Buy Back

There was no purchase, sale or cancellation of treasury shares during the quarter under review.

As at end of current quarter, a total of 820,800 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 0.463 per share.

Date: 28 October 2010