



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 MAY 2012**

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/5/2012 RM'000	Preceding Year Corresponding Quarter 31/5/2011 RM'000	Current Year To Date 31/5/2012 RM'000	Preceding Year Corresponding Period 31/5/2011 RM'000
Revenue	145,230	95,345	145,230	95,345
Operating Expenses	(125,729)	(85,361)	(125,729)	(85,361)
Other Operating Income	947	962	947	962
Profit from Operations	20,448	10,946	20,448	10,946
Finance Cost	(3,135)	(1,944)	(3,135)	(1,944)
Share of profit in associate company	569	196	569	196
Share of profit in joint venture company	29	18	29	18
Profit before taxation	17,911	9,216	17,911	9,216
Taxation	(5,452)	(2,972)	(5,452)	(2,972)
Profit for the period	12,459	6,244	12,459	6,244
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	1,670	148	1,670	148
Fair value loss on cash flow hedge	(546)	-	(546)	-
Total comprehensive income for the period	13,583	6,392	13,583	6,392
Profit/(Loss) for the period attributable to:				
Owners of the Company	12,461	6,246	12,461	6,246
Non-controlling interest	(2)	(2)	(2)	(2)
	12,459	6,244	12,459	6,244
Total comprehensive income for the period attributable to:				
Owners of the Company	13,585	6,394	13,585	6,394
Non-controlling interest	(2)	(2)	(2)	(2)
	13,583	6,392	13,583	6,392
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	2.77	1.38	2.77	1.38
(b) Diluted earnings per RM0.20 share(sen)	2.18	1.06	2.18	1.06

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 29 February 2012 and the accompanying explanatory notes attached to the interim financial reports

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2012**

	31/5/2012 Unaudited RM'000	29/2/2012 Audited Restated RM'000	1/3/2011 Audited Restated RM'000
ASSETS			
Non-Current assets			
Property, Plant And Equipment	133,526	123,233	104,140
Prepaid Land Lease Payments	21,291	21,381	18,678
Investment Properties	900	900	3,160
Investment In An Associate Company	2,955	2,123	1,790
Investment In A Joint Venture Company	456	417	379
Available-for-sale Investment	7	7	7
Capital Work-in-progress	15,187	11,830	6,748
Goodwill on Consolidation	1,648	-	-
Deferred Tax Assets	4,648	5,327	6,055
	<u>180,618</u>	<u>165,218</u>	<u>140,957</u>
Current assets			
Inventories	233,750	199,502	168,772
Trade and Other Receivables	108,967	89,325	66,161
Amount Due from An Associate Company	41,916	40,137	7,749
Derivatives Financial Instruments	-	57	33
Fixed Deposits with Licensed Banks	22,396	22,828	63,244
Cash and Bank Balances	90,006	79,506	75,138
	<u>497,035</u>	<u>431,355</u>	<u>381,097</u>
TOTAL ASSETS	<u>677,653</u>	<u>596,573</u>	<u>522,054</u>
EQUITY AND LIABILITIES			
Share Capital	90,530	90,530	90,387
Share Application Money	-	-	13
Share Premium	2,236	2,236	1,948
Treasury Shares	(1,656)	(1,650)	(380)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	48,873	48,873	49,151
Warrants Reserve	7,482	7,482	7,484
Revaluation Reserve	4,415	4,466	4,720
Other Reserves	9,150	7,759	5,595
Unappropriated Profit	189,969	177,457	158,264
Equity attributable to owners of the Parent	<u>350,999</u>	<u>337,153</u>	<u>317,182</u>
Non-controlling interest	75	77	86
Total Equity	<u>351,074</u>	<u>337,230</u>	<u>317,268</u>
Non-current liabilities			
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	16,342	17,353	21,923
Long Term Borrowings	73,199	50,936	55,614
Deferred Tax Liabilities	3,494	3,512	3,463
Derivative financial instruments	352	-	-
	<u>93,387</u>	<u>71,801</u>	<u>81,000</u>
Current liabilities			
Trade and Other Payables	53,180	34,209	32,119
Overdraft and Short Term Borrowings	167,337	141,833	86,043
Amount Due to A Joint Venture Company	430	235	357
Derivative financial instruments	308	-	-
Tax payable	11,937	5,872	2,556
Dividend Payable	-	5,393	2,711
	<u>233,192</u>	<u>187,542</u>	<u>123,786</u>
Total Liabilities	<u>326,579</u>	<u>259,343</u>	<u>204,786</u>
TOTAL EQUITY AND LIABILITIES	<u>677,653</u>	<u>596,573</u>	<u>522,054</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.78	0.74	0.70

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 29 February 2012 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 MAY 2012**

	GROUP 31/5/2012 RM'000	GROUP 31/5/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,911	9,216
Adjustments for:		
Depreciation of property, plant and equipment	2,389	1,755
Allowance for impairment of receivables	1,242	719
Employees Share Option Scheme expenses	267	516
Unrealised exchange loss	231	296
Loss / (Gain) on derivatives	115	(39)
Non-cash items	(385)	(135)
Interest Expenses	2,658	1,641
Interest Income	(314)	(756)
Operating profit before changes in working capital	24,114	13,213
Changes in working capital:-		
Net changes in current assets	(18,754)	(26,653)
Net changes in current liabilities	1,631	17,404
Net changes in amount due from associate company	(1,752)	(18,872)
Net changes in bills payables	24,648	15,642
Cash generated from operations	29,887	734
Dividend paid	(5,393)	(2,711)
Tax paid	(2,018)	(1,327)
Net cash generated from / (used in) operating activities	22,476	(3,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(28,242)	-
Acquisition of non-controlling interest in associate company	(263)	-
Interest received	314	756
Purchase of property, plant and equipment	(3,315)	(1,942)
Proceeds from disposal of property, plant and equipment	52	12
Capital work-in-progress incurred	(3,357)	-
Net cash used in investing activities	(34,811)	(1,174)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares buy back	(6)	-
Interest paid	(2,381)	(1,641)
Drawdown of borrowings	26,242	6,447
Repayment of borrowings	(3,122)	(2,873)
Net cash generated from financing activities	20,733	1,933
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	8,398	(2,545)
EFFECT OF EXCHANGE RATE CHANGES	1,670	148
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	102,334	138,382
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	112,402	135,985

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 29 February 2012 and the accompanying explanatory notes attached to the interim financial reports.



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2012

	← 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	Unappropriated Profits	RM'000	RM'000	RM'000
Balance as at 1 March 2011 (Restated)	90,387	13	1,948	(380)	49,151	7,484	4,720	5,595	-	158,264	317,182	86	317,268
Transactions with owners:													
Share option granted under ESOS	-	-	-	-	-	-	-	516	-	-	516	-	516
Conversion of ICULS to shares	136	-	270	-	(271)	-	-	-	-	(9)	126	-	126
Exercise of warrants	4	(13)	11	-	-	(2)	-	-	-	-	-	-	-
Total transactions with owners	140	(13)	281	-	(271)	(2)	-	516	-	(9)	642	-	642
Total comprehensive income for the period	-	-	-	-	-	-	(35)	-	148	6,281	6,394	(2)	6,392
Balance as at 31 May 2011	90,527	-	2,229	(380)	48,880	7,482	4,685	6,111	148	164,536	324,218	84	324,302

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 29 February 2012 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 CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 2012 (Continued)

	← 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:													
Issuance of shares pursuant to conversion of ICULS	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to exercise of Warrants	-	-	-	-	-	-	-	-	-	-	-	-	-
Share options granted under ESOS	-	-	-	-	-	-	267	-	-	-	267	-	267
Buy back of shares	-	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
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 29 February 2012 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”). Prior to financial year beginning from 1 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) approved by MASB.

This is the Group’s first MFRS interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the financial year ending 28 February 2013. The Group has applied MFRS 1 First Time Adoption of MFRS in preparing the interim financial reports and in preparing the opening MFRS Statements of Financial Position as at 1 March 2011, which is the transition date, and the Group has adjusted the amounts previously reported under FRS to MFRS. The impact of the transition from FRS to MFRS is explained in Note A2 below

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 29 February 2012. 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 29 February 2012.

A2 Summary of Significant Accounting Policies

(a) Changes in Accounting Policies

The audited financial statements of the Group for the year ended 29 February 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this condensed financial report are consistent with those of the audited financial statements for the year ended 29 February 2012. Save for the required presentation of three statements of financial position in the first MFRS financial statements, there is no other significant impact on the Group’s financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework as the requirements under the previous Financial Reporting Standards



INTERIM FINANCIAL REPORT

("FRS") Framework were equivalent to the MFRS Framework, although there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

(b) Application of MFRS 1

The Company has adopted all the new and revised MFRSs and IC Interpretations which are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations did not result in any changes to significant accounting policies of the Group except as discussed below:-

i) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. The option provided relief from full retrospective application of MFRS which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition and the followings are the results of applying the above exemption in respect of acquisitions prior to the date of transition:-

- (i) The classification of formal business combinations under FRS is maintained
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition);

ii) Exchange translation reserve

Under FRS, the Company recognised translation differences of foreign operations as a separate component of equity. At the date of transition to MFRS, the Company applied optional exemption available under MFRS 1 and reclassified the cumulative foreign currency translation differences at 1 March 2011 amounting to RM149,771 (31 May 2011: RM149,771; 29 February 2012: RM149,771) to retained earnings.

The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and statement of cash flows. The reconciliation of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-



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a) Reconciliation of equity as at 1 March 2011

	As at 1/3/2011 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 1/3/2011 Per MFRS RM'000
ASSETS			
Non-Current assets			
Property, Plant And Equipment	104,140		104,140
Prepaid Land Lease Payments	18,678		18,678
Investment Properties	3,160		3,160
Investment In An Associate Company	1,790		1,790
Investment In A Joint Venture Company	379		379
Available-for-sale Investment	7		7
Capital Work-in-progress	6,748		6,748
Deferred Tax Assets	6,055		6,055
	<u>140,957</u>		<u>140,957</u>
Current assets			
Inventories	168,772		168,772
Trade and Other Receivables	66,161		66,161
Amount Due from An Associate Company	7,749		7,749
Derivatives Financial Instruments	33		33
Fixed Deposits with Licensed Banks	63,244		63,244
Cash and Bank Balances	75,138		75,138
	<u>381,097</u>		<u>381,097</u>
TOTAL ASSETS	<u>522,054</u>		<u>522,054</u>
EQUITY AND LIABILITIES			
Share Capital	90,387		90,387
Share Application Money	13		13
Share Premium	1,948		1,948
Treasury Shares	(380)		(380)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	49,151		49,151
Warrants Reserve	7,484		7,484
Revaluation Reserve	4,720		4,720
Employees Share Option Reserve	5,595		5,595
Exchange Translation Reserve	150	(150)	-
Unappropriated Profit	158,114	150	158,264
	<u>317,182</u>		<u>317,182</u>
Equity attributable to owners of the Parent	<u>317,182</u>		<u>317,182</u>
Non-controlling interest	86		86
	<u>317,268</u>		<u>317,268</u>
Total Equity	<u>317,268</u>		<u>317,268</u>



INTERIM FINANCIAL REPORT

a) Reconciliation of equity as at 1 March 2011 (Cont'd)

	As at 1/3/2011 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 1/3/2011 Per MFRS RM'000
Non-current liabilities			
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	21,923		21,923
Long Term Borrowings	55,614		55,614
Deferred Tax Liabilities	3,463		3,463
	<u>81,000</u>		<u>81,000</u>
Current liabilities			
Trade and Other Payables	32,119		32,119
Overdraft and Short Term Borrowings	86,043		86,043
Amount Due to A Joint Venture Company	357		357
Tax payable	2,556		2,556
Dividend Payable	2,711		2,711
	<u>123,786</u>		<u>123,786</u>
Total Liabilities	<u>204,786</u>		<u>204,786</u>
TOTAL EQUITY AND LIABILITIES	<u>522,054</u>		<u>522,054</u>



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b) Reconciliation of equity as at 31 May 2011

	As at 31/5/2011 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 31/5/2011 Per MFRS RM'000
ASSETS			
Non-Current assets			
Property, Plant And Equipment	107,812		107,812
Prepaid Land Lease Payments	18,599		18,599
Investment Properties	3,160		3,160
Investment In An Associate Company	1,986		1,986
Investment In A Joint Venture Company	403		403
Available-for-sale Investment	7		7
Capital Work-in-progress	3,240		3,240
Deferred Tax Assets	5,999		5,999
	<u>141,206</u>		<u>141,206</u>
Current assets			
Inventories	182,251		182,251
Trade and Other Receivables	78,252		78,252
Amount Due from An Associate Company	26,343		26,343
Derivatives Financial Instruments	39		39
Fixed Deposits with Licensed Banks	10,478		10,478
Cash and Bank Balances	125,507		125,507
	<u>422,870</u>		<u>422,870</u>
TOTAL ASSETS	<u>564,076</u>		<u>564,076</u>
EQUITY AND LIABILITIES			
Share Capital	90,527		90,527
Share Premium	2,229		2,229
Treasury Shares	(380)		(380)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	48,880		48,880
Warrants Reserve	7,482		7,482
Revaluation Reserve	4,685		4,685
Employees Share Option Reserve	6,111		6,111
Exchange Translation Reserve	298	(150)	148
Unappropriated Profit	164,386	150	164,536
	<u>324,218</u>		<u>324,218</u>
Equity attributable to owners of the Parent	<u>324,218</u>		<u>324,218</u>
Non-controlling interest	84		84
	<u>324,302</u>		<u>324,302</u>
Total Equity	<u>324,302</u>		<u>324,302</u>



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b) Reconciliation of equity as at 31 May 2011 (Cont'd)

	As at 31/5/2011 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 31/5/2011 Per MFRS RM'000
Non-current liabilities			
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	20,660		20,660
Long Term Borrowings	58,909		58,909
Deferred Tax Liabilities	3,451		3,451
	<u>83,020</u>		<u>83,020</u>
Current liabilities			
Trade and Other Payables	50,595		50,595
Overdraft and Short Term Borrowings	101,963		101,963
Amount Due to A Joint Venture Company	409		409
Tax payable	3,787		3,787
	<u>156,754</u>		<u>156,754</u>
Total Liabilities	<u>239,774</u>		<u>239,774</u>
TOTAL EQUITY AND LIABILITIES	<u>564,076</u>		<u>564,076</u>



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c) Reconciliation of equity as at 29 February 2012

	As at 29/02/2012 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 29/02/2012 Per MFRS RM'000
ASSETS			
Non-Current assets			
Property, Plant And Equipment	123,233		123,233
Prepaid Land Lease Payments	21,381		21,381
Investment Properties	900		900
Investment In An Associate Company	2,123		2,123
Investment In A Joint Venture Company	417		417
Available-for-sale Investment	7		7
Capital Work-in-progress	11,830		11,830
Deferred Tax Assets	5,327		5,327
	<u>165,218</u>		<u>165,218</u>
Current assets			
Inventories	199,502		199,502
Trade and Other Receivables	89,325		89,325
Amount Due from An Associate Company	40,137		40,137
Derivatives Financial Instruments	57		57
Fixed Deposits with Licensed Banks	22,828		22,828
Cash and Bank Balances	79,506		79,506
	<u>431,355</u>		<u>431,355</u>
TOTAL ASSETS	<u><u>596,573</u></u>		<u><u>596,573</u></u>
EQUITY AND LIABILITIES			
Share Capital	90,530		90,530
Share Premium	2,236		2,236
Treasury Shares	(1,650)		(1,650)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	48,873		48,873
Warrants Reserve	7,482		7,482
Revaluation Reserve	4,466		4,466
Employees Share Option Reserve	7,659		7,659
Exchange Translation Reserve	250	(150)	100
Unappropriated Profit	177,307	150	177,457
	<u>337,153</u>		<u>337,153</u>
Equity attributable to owners of the Parent	<u>337,153</u>		<u>337,153</u>
Non-controlling interest	77		77
	<u>337,230</u>		<u>337,230</u>
Total Equity	<u><u>337,230</u></u>		<u><u>337,230</u></u>



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b) Reconciliation of equity as at 29 February 2012 (Cont'd)

	As at 29/02/2012 Per FRS RM'000	Exchange Translation Reserve RM'000	As at 29/02/2012 Per MFRS RM'000
Non-current liabilities			
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	17,353		17,353
Long Term Borrowings	50,936		50,936
Deferred Tax Liabilities	<u>3,512</u>		<u>3,512</u>
	<u>71,801</u>		<u>71,801</u>
Current liabilities			
Trade and Other Payables	34,209		34,209
Overdraft and Short Term Borrowings	141,833		141,833
Amount Due to A Joint Venture Company	235		235
Tax payable	5,872		5,872
Dividend Payable	<u>5,393</u>		<u>5,393</u>
	<u>187,542</u>		<u>187,542</u>
Total Liabilities	<u>259,343</u>		<u>259,343</u>
TOTAL EQUITY AND LIABILITIES	<u>596,573</u>		<u>596,573</u>



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iii) 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
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10: Consolidated Financial Statements	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosure of Interests in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employee Benefits	1 January 2013
MFRS 127: Separate Financial Statements	1 January 2013
MFRS 128: Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014

(c) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, associates and jointly controlled entities over the group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated balance sheet as intangible assets. If arising in respect of an associate or jointly controlled entity, any excess of the investor's share of the net fair value of the associate's or jointly controlled entity's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the investor's share of the associate's or jointly controlled entity's profit or loss in the period in which the investment is acquired.

Separately recognized goodwill is tested annually for impairment or if events or circumstances occur indicating that impairment may exist and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.



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A3 Audit report of preceding annual financial statement

The audited financial statements of the Company and its subsidiary companies for the financial year ended 29 February 2012 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.

A6 Material changes in estimates

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

A7 Debt and equity securities

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

a) Treasury Shares

During the financial period ended 31 May 2012, the Company had repurchased 10,000 ordinary share of its issued share capital from the open market at the average price paid of RM0.55 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

The Company has the right to cancel, resell these 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. None of the treasury shares repurchased during the financial period had been sold as at the period ended 31 May 2012.

As at the financial period ended 31 May 2012, the number of ordinary shares in issue after deducting treasury shares against equity is 449,367,926 ordinary shares of RM0.20 each.

b) 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:-



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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.

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 2012);

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	101,196,480	22.52	-	-	173,463,982	-	17,346,398	-	-
GL Management Agency Sdn Bhd	72,895,960	16.22	-	-	128,381,300	-	12,838,130	-	-
Dato' Chew Ting Leng ("CTL")	-	-	101,196,480 ⁽ⁱⁱ⁾	22.52	-	173,463,982 ⁽ⁱⁱ⁾	-	17,346,398 ⁽ⁱⁱ⁾	4,500,000
Dato' Goh Teoh Kean ("GTK")	-	-	72,895,960 ⁽ⁱⁱⁱ⁾	16.22	-	128,381,300 ⁽ⁱⁱⁱ⁾	-	12,838,130 ⁽ⁱⁱⁱ⁾	4,500,000
Tan Ang Ang ("TAA")	7,944,600	1.77	1,278,000 ^(iv)	0.28	13,472,400	2,130,000 ^(iv)	1,347,240	213,000 ^(iv)	4,500,000
To Tai Wai ("TTW")	12,320,580	2.74	-	-	21,118,800	-	2,111,880	-	3,150,000
Datin Shum Kah Lin ("SKL")	-	-	101,196,480 ^(v)	22.52	-	173,463,982 ^(v)	-	17,346,398 ^(v)	-
Datin Lee Sock Kee ("LSK")	-	-	72,895,960 ^(vi)	16.22	-	128,381,300 ^(vi)	-	12,838,130 ^(vi)	-
Yong Yui Kiew ("YYK")	1,278,000	0.28	7,944,600 ^(vii)	1.77	2,130,000	13,472,400 ^(vii)	213,000	1,347,240 ^(vii)	-
TOTAL	195,635,620	43.53	-	-	338,566,482	-	33,856,648	-	16,650,000

Notes:-

- (i) Excluding a total of 3,282,300 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 60% of the ESOS Option is exercisable as at 12 July 2012.



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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	147,453,542	26.51	-	-
GL Management	107,130,973	19.26	-	-
CTL	4,500,000	0.81	147,453,542 ⁽ⁱ⁾	26.51
GTK	4,500,000	0.81	107,130,973 ⁽ⁱⁱ⁾	19.26
TAA	16,037,240	2.88	1,846,000 ⁽ⁱⁱⁱ⁾	0.33
TTW	21,102,260	3.79	-	-
SKL	-	-	151,953,542 ^(iv)	27.31
LSK	-	-	111,630,973 ^(v)	20.07
YYK	1,846,000	0.33	16,037,240 ^(vi)	2.88
TOTAL	302,570,015	54.39	-	-

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
Second interim dividend in respect of financial year 29 February 2012, paid on 26 March 2012 - Single tier dividend on 1.2 sen per ordinary share of RM0.20	5,393	
Second interim dividend in respect of financial year 28 February 2011, paid on 30 March 2011 - Single tier dividend on 0.6 sen per ordinary share of RM0.20		2,711
	5,393	2,711

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 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



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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 2011					
Revenue					
External Revenue	70,124	25,221	-	-	95,345
Intersegment revenue	11,704	4,930	7,449	(24,083)	-
Total revenue	81,828	30,151	7,449	(24,083)	95,345
Segment Profit	9,774	1,296	6,644	(7,524)	10,190
Interest income					756
Finance costs					(1,944)
Share of profit of joint venture					18
Share of profit of associate					196
Profit before tax					9,216

* PFF : Represents pipes, fittings and flow controls.

Analysis of the Group's revenue by geographical segments:

	Revenue -- 3 months ended 31 May 2012 --	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	156,779	108,073
Generated by overseas operation	21,334	11,355
	178,113	119,428
Inter-segments elimination	(32,883)	(24,083)
	145,230	95,345

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 29 February 2012.

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.



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A12 Changes in the composition of the Group

During the financial period under review, Pantech Corporation Sdn. Bhd., a wholly owned subsidiary company, had on 20 April 2012 acquired additional 10% equity interest in the associate company, Tuah Nusa Sdn. Bhd., comprising of 105,000 units ordinary shares of RM1.00 each for a total cash consideration of RM262,500.00 satisfied wholly in cash. Eventually, the effective equity interest had increased from 30% to 40%.

On 7 March 2012, the Company had entered into Share Purchase Agreement with Robert Andrews for the acquisition of the entire 2,000 units of ordinary shares of £1.00 each representing 100% equity interest in Nautic Steels (Holdings) Limited for the maximum aggregate consideration of £9,500,000 (equivalent to approximately RM45,459,400). As at the date of this interim financial report, the aggregate consideration has been determined at £9,225,206.

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 2012
	RM'000
Corporate guarantees	<u>582,237</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 2012 are as follows:

	RM'000
Approved and contracted for	<u>17,068</u>
Analyzed as follows:	
- Property, plant and equipment	<u>17,068</u>



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

B1 Review of Performance

	Revenue		Profit Before Taxation	
	3 months to		3 months to	
	31-May-2012	31-May-2011	31-May-2012	31-May-2011
	RM'000	RM'000	RM'000	RM'000
Business Segment				
Trading	90,162	70,124	14,997	8,921
Manufacturing	55,068	25,221	4,676	1,164
Investment and Management	-	-	(1,762)	(869)
Consolidated Total	145,230	95,345	17,911	9,216

Trading Division

For the 3 months ended 31 May 2012, trading division recorded higher external revenue of RM90.16 million (Q1FY12: RM70.12 million) and a higher segment profit before tax of RM15.00 million (Q1FY12: RM8.92 million), an increase of approximately 29% and 68% respectively compared to last year corresponding quarter. The higher revenue is mainly due to improved sales demand from oil and gas sector with ongoing and new projects. In addition to the higher revenue, with operating expenses closely controlled and comparable to last year corresponding quarter, this translates to higher profit before tax.

Manufacturing Division

For the 3 months ended 31 May 2012, manufacturing division recorded higher external revenue of RM55.07 million (Q1FY12: RM25.22 million) and a higher segment profit before tax of RM4.68 million (Q1FY12: RM1.16 million), an increase of approximately 118% and 303% respectively. The higher revenue is contributed by the newly acquired Nautic Steels Group in United Kingdom, and 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.

The higher segment profit before tax was mainly contributed by Nautic Steels Group and the improved efficiency in the stainless steel manufacturing plant.

Investment and Management Division

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



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Group Performance

For the 3 months ended 31 May 2012, the Group registered higher revenue of RM145.23 million (Q1FY12: RM95.35 million) and a higher profit before taxation of RM17.91 million (Q1FY12: RM9.22 million) due mainly to higher sales from both manufacturing and trading divisions. Manufacturing division's sales increased mainly due to sales from the newly acquired Nautic Steels Group in United Kingdom, and 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. Trading division's sales increased mainly due to improved sales demand from oil and gas sector with ongoing and new projects.

Corresponding to the increase in profit before taxation contributed by higher revenue, the Group profit after taxation registered an increase of approximately 100% to RM12.46 million (Q1FY12: RM6.24 million).

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported higher revenue of RM145.23 million compared to RM126.02 million recorded for preceding quarter. Profit after taxation has also increase in tandem with the revenue to RM12.46 million compared to preceding quarter of RM10.40 million, due mainly to the contribution of revenue and profit from Nautic Steels Group acquired during the quarter.

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 recent oil and gas discoveries offshore Malaysia and the on-going oil and gas investment under Economic Transformation Programme (ETP) announced by the Government of Malaysia 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-12 RM'000	Preceding Year Corresponding Quarter 31-May-11 RM'000	Current Year To Date 31-May-12 RM'000	Preceding Year Corresponding Period 31-May-11 RM'000
Current taxation	5,278	3,021	5,278	3,021
Over provision of taxation in prior year	-	(93)	-	(93)
Transferred from / (to) deferred tax assets	252	316	252	316
Transferred (from) / to deferred taxation	(78)	(272)	(78)	(272)
	5,452	2,972	5,452	2,972

Tax expense for the current quarter and financial year to-date ended 31 May 2012 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 Status of corporate proposals

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

b) Utilization of proceeds from corporate proposals

i) 7% Irredeemable Convertible Unsecured Loan Stock ("ICULS") 2010/2017

No.	Purpose	Proposed Utilization (RM'000)	Actual Utilization (RM'000)	Intended Timeframe for Utilization	Deviation (RM'000) %		Explanations
1)	Construction of factory buildings and warehouses, acquisition of plant and equipment	39,000	32,495	By January 2013	N/A	-	-
2)	Investments in related and/or complementary businesses locally and/or overseas	9,750	7,050	By January 2013	N/A	-	-
3)	Working Capital	24,591	24,584	-	7	0.03	The shortfall was funded from the working capital of the Pantech Group.
4)	Expenses for the Corporate Exercises	1,500	1,507	-	(7)	0.46	
		74,841					



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B7 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	61	59
<u>Unsecured:-</u>		
- Term loans	18,532	69,457
- Hire purchase	1,245	3,683
- Bankers' acceptances, trust receipts and other short term loan	119,169	-
- Onshore foreign currency loan	28,330	-
	<hr/>	<hr/>
	167,337	73,199

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	8,894	27,598
Singapore Dollar	972	2,390

B8 Material Litigation

There are no pending material litigations as at the date of this quarterly report that has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially affect the position or business of the Group.

B9 Dividends

The Board of directors has approved and declared a special interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ending 28 February 2013 (Previous year corresponding period: Nil). The special interim dividend will be paid on 23 October 2012 to shareholders whose names appear on the Company's Record of Depositors on 9 October 2012.

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



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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-May-12 RM'000	31-May-11 RM'000	31-May-12 RM'000	31-May-11 RM'000
Net profit attributable to owners of the Company	12,461	6,246	12,461	6,246
Weighted average number of ordinary share in issue ('000)	449,375	451,810	449,375	451,810
Basic earnings per RM0.20 share (sen)	2.77	1.38	2.77	1.38

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 that would be issued upon conversion of all outstanding Irredeemable Convertible Unsecured Loan Stock ("ICULS").

The ESOS options granted to employees, and the warrants are anti-dilutive and hence the calculation of diluted earnings per share for the current period does not assume the exercise of the ESOS options and warrants.



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B10 Earnings Per Share (Cont'd)

b) Diluted Earnings Per Share (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-May-12 RM'000	Preceding Year Corresponding Quarter 31-May-11 RM'000	Current Year To Date 31-May-12 RM'000	Preceding Year Corresponding Period 31-May-11 RM'000
Adjusted net profit for the period attributable to owners of the Company:				
Net profit attributable to owners of the Company	12,461	6,246	12,461	6,246
Impact on income statement upon conversion of ICULS	27	(136)	27	(136)
	12,488	6,110	12,488	6,110
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	449,375	451,810	449,375	451,810
Adjustment for dilutive effect on conversion of ICULS ('000)	121,973	121,993	121,973	121,993
Adjustment for dilutive effect on Exercise of ESOS ('000)	-	3,563	-	3,563
	571,348	577,366	571,348	577,366
Diluted earnings per RM0.20 share (sen)	2.18	1.06	2.18	1.06



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B12 Share Buy Back

As at end of current quarter, a total of 3,282,300 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.

B13 Realized and Unrealized Profits / (Losses) disclosure

	As at 31-May-12 RM'000	As at 29-Feb-12 Restated RM'000
Total unappropriated profits of Pantech and its subsidiaries:		
- Realized	273,855	220,666
- Unrealized	(821)	211
	273,034	220,877
Total share of unappropriated profits from associate company:		
- Realized	2,557	2,081
- Unrealized	(23)	16
	2,534	2,097
Total share of unappropriated profits from jointly controlled entity:		
- Realized	294	257
- Unrealized	2	-
	296	257
	275,864	223,231
Less: consolidation adjustments	(85,895)	(45,774)
Total Group unappropriated profits	189,969	177,457



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B14 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-May-12 RM'000	Financial Year Ended 31-May-12 RM'000
Interest income	314	314
Other income including investment income	153	153
Interest expense	(2,658)	(2,658)
Depreciation and amortization	(2,479)	(2,479)
Provision for and write off of receivables	(1,334)	(1,334)
Provision for and write off of inventories	(73)	(73)
Gain/(loss) on disposal of quoted or unquoted investment or properties	42	42
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	484	484
Unrealised foreign exchange loss	(231)	(231)
(Loss)/Gain on derivatives	(115)	(115)
Exceptional items	-	-

Date: 26 July 2012