



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MAY 2014

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/5/2014 RM'000	Preceding Year Corresponding Quarter 31/5/2013 RM'000	Current Year To Date 31/5/2014 RM'000	Preceding Year Corresponding Period 31/5/2013 RM'000
Revenue	130,678	162,263	130,678	162,263
Operating Expenses	(110,634)	(141,804)	(110,634)	(141,804)
Other Operating Income	594	814	594	814
Profit from Operations	20,638	21,273	20,638	21,273
Finance Cost	(2,510)	(2,749)	(2,510)	(2,749)
Share of profit/(loss) in associate company	(29)	(11)	(29)	(11)
Share of profit/(loss) in joint venture company	(2)	9	(2)	9
Profit before taxation	18,097	18,522	18,097	18,522
Taxation	(4,514)	(4,760)	(4,514)	(4,760)
Profit for the period	13,583	13,762	13,583	13,762
Other comprehensive income net of tax				
Foreign currency translation differences for foreign operation	2,146	(1,254)	2,146	(1,254)
Realisation of revaluation reserve upon depreciation of revalued asset	31	33	31	33
Transfer of revaluation reserve to unappropriated profit	(31)	(33)	(31)	(33)
Fair value gain/(loss) on cash flow hedge	618	106	618	106
Total comprehensive income for the period	16,347	12,614	16,347	12,614
Profit/(Loss) for the period attributable to:				
Owners of the Company	13,584	13,763	13,584	13,763
Non-controlling interest	(1)	(1)	(1)	(1)
	13,583	13,762	13,583	13,762
Total comprehensive income for the period attributable to:				
Owners of the Company	16,348	12,615	16,348	12,615
Non-controlling interest	(1)	(1)	(1)	(1)
	16,347	12,614	16,347	12,614
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	2.39	2.70	2.39	2.70
(b) Diluted earnings per RM0.20 share(sen)	2.12	2.20	2.12	2.20

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 2014 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 2014**

	31/5/2014 Unaudited	28/02/2014 Audited
	RM'000	RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	195,796	196,173
Prepaid Land Lease Payments	27,409	27,490
Investment Properties	4,830	4,830
Investment In An Associate Company	2,590	2,619
Investment In A Joint Venture Company	542	545
Capital Work-in-progress	1	680
Goodwill on Acquisition	1,206	1,206
Deferred Tax Assets	2,419	2,421
	<u>234,793</u>	<u>235,964</u>
Current assets		
Inventories	253,605	251,210
Trade and Other Receivables	136,873	130,421
Amount Due from An Associate Company	9,937	10,763
Fixed Deposits with Licensed Banks	2,237	2,223
Cash and Bank Balances	64,061	59,884
	<u>466,713</u>	<u>454,501</u>
TOTAL ASSETS	<u>701,506</u>	<u>690,465</u>
EQUITY AND LIABILITIES		
Share Capital	114,459	113,909
Share Application Money	17	-
Share Premium	56,133	54,160
Treasury Shares	(1,807)	(1,807)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	9,082	9,143
Warrants Reserve	7,482	7,482
Revaluation Reserve	3,997	4,028
Other Reserves	10,431	8,353
Unappropriated Profit	244,486	230,889
Equity attributable to owners of the Parent	<u>444,280</u>	<u>426,157</u>
Non-controlling interest	72	73
Total Equity	<u>444,352</u>	<u>426,230</u>
Non-current liabilities		
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	1,817	1,976
Long Term Borrowings	62,325	65,479
Other Payables	226	227
Deferred Tax Liabilities	4,086	4,094
	<u>68,454</u>	<u>71,776</u>
Current liabilities		
Trade and Other Payables	49,292	49,078
Overdraft and Short Term Borrowings	132,531	130,436
Amount Due to A Joint Venture Company	563	594
Amount Due to An Associate Company	256	108
Derivative financial instruments	826	1,450
Tax payable	5,232	5,122
Dividend Payable	-	5,671
	<u>188,700</u>	<u>192,459</u>
Total Liabilities	<u>257,154</u>	<u>264,235</u>
TOTAL EQUITY AND LIABILITIES	<u>701,506</u>	<u>690,465</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.78	0.75 -

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 2014 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 2014**

	GROUP 31/5/2014 RM'000	GROUP 31/5/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,097	18,522
Adjustments for:		
Allowance for impairment of receivables	-	3,460
Allowance for impairment of receivables no longer required	(353)	-
Inventories written down	30	97
Amortisation of prepaid land lease payments	81	90
Depreciation of property, plant and equipment	3,236	2,213
Interest expense	2,173	2,496
Bad debts written off	-	9
Employees Share Option Scheme expenses	2	109
Interest income	(201)	(297)
(Gain)/Loss on disposal of property, plant and equipment	(59)	77
Unrealised exchange loss on foreign exchange	393	412
Non-cash items	30	24
Operating profit before changes in working capital	23,429	27,212
Changes in working capital:-		
Inventories	(2,425)	12,228
Receivables	(5,809)	(13,630)
Payables	286	4,429
Associate company	974	12,836
Joint Venture Company	(31)	557
Cash generated from operations	16,424	43,632
Dividend paid	(5,671)	(6,096)
Tax paid	(4,696)	(5,926)
Net cash generated from operating activities	6,057	31,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	84
Interest received	201	297
Purchase of property, plant and equipment	(2,877)	(2,051)
Proceeds from disposal of property, plant and equipment	59	1,018
Capital work-in-progress incurred	-	(5,176)
Net cash used in investing activities	(2,617)	(5,828)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	1,743	3,185
Interest paid	(2,081)	(2,292)
Share application money received	17	270
(Repayment of)/Proceed from short-term borrowings	(696)	(27,001)
Drawdown of borrowings	145	5,383
Repayment of borrowings	(509)	(4,799)
Net cash (used in)/generated from financing activities	(1,381)	(25,254)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,059	528
EFFECT OF EXCHANGE RATE CHANGES	2,146	(1,254)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	62,093	79,153
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	66,298	78,427

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 2014 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 2014

	Attributable to Owners of the Company											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	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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 2014 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 2014 (Continued)

	Attributable to Owners of the Company											Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Non-Distributable					Distributable								
	Share Capital RM'000	Share Application Money 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			
Balance as at 28 February 2014	113,909	-	54,160	(1,807)	9,143	7,482	4,028	5,236	4,559	(1,442)	230,889	426,157	73	426,230
Transactions with owners:														
Issuance of shares pursuant to exercise of ESOS	520	17	1,912	-	-	-	-	(688)	-	-	-	1,761	-	1,761
Issuance of shares pursuant to conversion of ICULS	30	-	61	-	(61)	-	-	-	-	-	(18)	12	-	12
Share options granted under ESOS	-	-	-	-	-	-	-	2	-	-	-	2	-	2
Total transactions with owners	550	17	1,973	-	(61)	-	-	(686)	-	-	(18)	1,775	-	1,775
Total comprehensive income for the period	-	-	-	-	-	-	(31)	-	2,146	618	13,615	16,348	(1)	16,347
Balance as at 31 May 2014	114,459	17	56,133	(1,807)	9,082	7,482	3,997	4,550	6,705	(824)	244,486	444,280	72	444,352

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 2014 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of properties included within property, plant and equipment and investment properties which are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2014. 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 2014.

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 2014, except for adoption of the following new and revised FRSS, Amendments to FRSS and IC Interpretations which are mandatory for annual financial periods beginning on or after 1 January 2014:

Amendments to MFRS 10:	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12:	Disclosure of Interest in Other Entities: Investment Entities
Amendments to MFRS 127:	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132:	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136:	Impairment of assets: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurements: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21:	Levies



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(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 3: Business Combinations	1 July 2014
Amendments to MFRS 13: Fair Value Measurement	1 July 2014
Amendments to MFRS 116: Property, Plant and Equipment	1 July 2014
Amendments to MFRS 138: Intangible Assets	1 July 2014
Amendments to MFRS 140: Investment Property	1 July 2014
MFRS 7: Financial Instruments: Disclosures – Mandatory Date of Transition Disclosures	1 January 2015
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 14: Regulatory Deferral Accounts Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138) Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)	1 January 2016

Adoption of these new and revised FRSs, Amendments to FRS and IC Interpretations will have no material impact on financial statements of the Group.

A3 Audit report of preceding annual financial statement

The audited financial statements of the Company and its subsidiary companies for the financial year ended 28 February 2014 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.



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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, 2,601,500 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, 916,000 units of ICULS have been converted to 152,666 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 568,844,597 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 (10 July 2014);

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	100,696,480	17.66	-	-	47,463,982	-	17,346,398	-	-
GL Management Agency Sdn Bhd	78,292,843	13.73	-	-	-	-	12,838,130	-	-
Dato' Chew Ting Leng ("CTL")	-	-	100,696,480 ⁽ⁱⁱ⁾	17.66	-	47,463,982 ⁽ⁱⁱ⁾	-	17,346,398 ⁽ⁱⁱ⁾	4,500,000
Dato' Goh Teoh Kean ("GTK")	-	-	78,292,843 ⁽ⁱⁱⁱ⁾	13.73	-	-	-	12,838,130 ⁽ⁱⁱⁱ⁾	4,500,000
Tan Ang Ang ("TAA")	8,290,000	1.45	1,633,000 ^(iv)	0.29	-	-	1,347,240	213,000 ^(iv)	2,500,000
To Tai Wai ("TTW")	10,340,380	1.81	-	-	-	-	2,111,880	-	3,150,000
Datin Shum Kah Lin ("SKL")	-	-	100,696,480 ^(v)	17.66	-	47,463,982 ^(v)	-	17,346,398 ^(v)	-
Datin Lee Sock Kee ("LSK")	-	-	78,292,843 ^(vi)	13.73	-	-	-	12,838,130 ^(vi)	-
Yong Yui Kiew ("YYK")	1,633,000	0.29	8,290,000 ^(vii)	1.45	-	-	213,000	1,347,240 ^(viii)	-
TOTAL	199,252,703	34.94	-	-	47,463,982	-	33,856,648	-	14,650,000

Notes:-

- (i) Excluding a total of 3,452,300 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) 100% of the ESOS Option is exercisable as at 10 July 2014.



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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	125,953,541	20.10	-	-
GL Management	91,130,973	14.54	-	-
CTL	4,500,000	0.72	125,953,541 ⁽ⁱ⁾	20.10
GTK	4,500,000	0.72	91,130,973 ⁽ⁱⁱ⁾	14.54
TAA	12,137,240	1.94	1,846,000 ⁽ⁱⁱⁱ⁾	0.29
TTW	15,602,260	2.49	-	-
SKL	-	-	130,453,541 ^(iv)	20.82
LSK	-	-	95,630,973 ^(v)	15.26
YYK	1,846,000	0.29	12,137,240 ^(vi)	1.94
TOTAL	255,670,014	40.80	-	-

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 2014, paid on 16 April 2014 Single tier dividend of 1.0 sen per ordinary share of RM0.20	5,671	-
Third interim dividend in respect of financial year ended 28 February 2013, paid on 17 April 2013 Single tier dividend of 1.2 sen per ordinary share of RM0.20	-	6,096
	5,671	6,096

A9 Segment Information

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

	Trading of PVF 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 2014					
Revenue					
External Revenue	75,260	55,418	-	-	130,678
Intersegment revenue	5,402	7,804	5,747	(18,953)	-
Total revenue	<u>80,662</u>	<u>63,222</u>	<u>5,747</u>	<u>(18,953)</u>	<u>130,678</u>
Segment Profit	9,710	11,005	5,059	(5,337)	20,437
Interest income					201
Finance costs					(2,510)
Share of loss of joint venture					(2)
Share of loss of associate					(29)
Profit before tax					<u>18,097</u>



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A9 Segment Information (Cont'd)

	Trading of PVF 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	<u>85,316</u>	<u>91,641</u>	<u>9,233</u>	<u>(23,927)</u>	<u>162,263</u>
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					<u>(11)</u>
Profit before tax					<u>18,522</u>

* PVF : Represents pipes, valves and fittings.

Analysis of the Group's revenue by geographical segments:

	Revenue	
	-- 3 months ended 31 May 2014 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	132,366	166,660
Generated by overseas operation	17,265	19,530
	<u>149,631</u>	186,190
Inter-segments elimination	<u>(18,953)</u>	(23,927)
	<u>130,678</u>	162,263

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 2014.



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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 2014
	RM'000
Corporate guarantees	<u>612,026</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 2014 are as follows:

	RM'000
Approved and contracted for	<u>5,064</u>
Analyzed as follows:	
- Property, plant and equipment	<u>5,064</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-2014	31-May-2013	31-May-2014	31-May-2013
	RM'000	RM'000	RM'000	RM'000
Trading	75,260	79,755	75,260	79,755
Manufacturing	55,418	82,508	55,418	82,508
Investment and Management	-	-	-	-
Consolidated Total	130,678	162,263	130,678	162,263

Business Segment	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		3 months to	
	31-May-2014	31-May-2013	31-May-2014	31-May-2013
	RM'000	RM'000	RM'000	RM'000
Trading	8,454	7,656	8,454	7,656
Manufacturing	10,729	12,169	10,729	12,169
Investment and Management	(1,086)	(1,303)	(1,086)	(1,303)
Consolidated Total	18,097	18,522	18,097	18,522

Trading Division

For the Q1FY15, the trading division recorded a lower external revenue of RM75.26 million (Q1FY14: RM79.76 million) but a higher profit before tax of RM8.45 million (Q1FY14: RM7.66 million), a decrease in revenue of approximately 6% and an increase in profit before tax of approximately 10%.

The lower revenue is mainly due to weaker sales demand for oil and gas sector with slower project execution. Despite lower revenue, a higher profit before tax is reported mainly due to no provision for slow moving debts in this quarter as compared to the same quarter last year.



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B1 Review of Performance (Cont'd)

Manufacturing Division

For the Q1FY15, the manufacturing division achieved lower external revenue of RM55.42 million (Q1FY14: RM82.51 million) and lower segment profit before tax of RM10.73 million (Q1FY14: RM12.17 million), a decrease of approximately 33% and 12% respectively.

The lower revenue and profit before tax are mainly due to decrease in manufacturing output from both carbon steel and stainless steel plants, due to the decrease in export sales demand.

Investment and Management Division

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

Group Performance

For the Q1FY15, the Group registered a lower revenue of RM130.68 million (Q1FY14: RM162.26 million) and a comparable profit before taxation of RM18.10 million (Q1FY14: RM18.52 million). The weaker sales performance of the Group is mainly due to lower local sales demand of the trading division and lower export sales demand of the manufacturing division.

Despite the weaker sales performance of the Group, the Group has registered a comparable profit after taxation for the Q1FY15 of RM13.58 million (Q1FY14: RM13.76 million). This is mainly due to better contribution from the stainless steel division, and lower operating expenses of the trading division this quarter, compared to the same quarter last year where an additional provision for slow moving debts was made.

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported a comparable revenue of RM130.68 million compared to RM128.43 million of the preceding quarter, and a comparable profit after taxation of RM13.58 million compared to preceding quarter of RM13.48 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, valves and fittings solutions provider to the oil and gas industries and related upstream and down-stream industries.

With the decision of Petronas to invest in the development of the Pengerang Integrated Complex (PIC) which comprises of a world scale Refinery and Petrochemical Integrated Development (RAPID) and associated facilities in southern Johor, as well as the on-going oil and gas investment in the industry, the Group is of the view that the long term outlook of the oil and gas industries continues to be positive. Barring any unforeseen circumstances, the Group expects its overall performance for the current financial year to remain satisfactory.



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B4 Variance on Profit Forecast/Profit Guarantee

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

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-May-14	31-May-13	31-May-14	31-May-13
	RM'000	RM'000	RM'000	RM'000
Current taxation	4,516	5,525	4,516	5,525
Transferred from / (to) deferred tax assets	2	(891)	2	(891)
Transferred (from) / to deferred taxation	15	148	15	148
Crystallization of deferred taxation upon depreciation of revalued assets	(19)	(22)	(19)	(22)
	4,514	4,760	4,514	4,760

Tax expense for the current quarter and financial year-to-date ended 31 May 2014 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 approximate to the statutory rate.

B6 Status of corporate proposals

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



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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>Unsecured:-</u>		
- Term loans	17,343	54,743
- Hire purchase	2,684	7,582
- Bankers' acceptances, trust receipts and other short term loan	73,735	-
- Onshore foreign currency loan	33,769	-
- Commodity Murabahah Revolving Credit-i	5,000	-
	<u>132,531</u>	<u>62,325</u>

Foreign currency borrowings included above:

	Foreign Currency '000	RM Equivalent '000
US Dollar	10,460	33,769
SGD Dollar	415	1,071
GBP Pound	247	1,345

As of 28 February 2014 audited accounts, the Board is of the opinion that the Group has met the criteria for *Syariah-Compliant* pending authorities approval.

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 first interim single tier dividend of 1.0 sen per ordinary share in respect of the financial year ending 28 February 2015 (Previous year corresponding period: 1.2 sen). The first interim dividend will be paid on 21 October 2014 to shareholders whose names appear on the Company's Record of Depositors on 7 October 2014.

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: 1.2 sen)



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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-14 RM'000	31-May-13 RM'000	31-May-14 RM'000	31-May-13 RM'000
Net profit attributable to owners of the Company	13,584	13,763	13,584	13,763
Weighted average number of ordinary share in issue ('000)	568,124	509,752	568,124	509,752
Basic earnings per RM0.20 share (sen)	2.39	2.70	2.39	2.70

b) Diluted Earnings Per Share

The Diluted Earnings Per Share is calculated by dividing the profit attributable to the owners of the Company on the weighted average number of ordinary shares in issue during the period which has been adjusted for the dilutive effect of ordinary shares that would be issued upon conversion of all outstanding Irredeemable Convertible Unsecured Loan Stock ("ICULS"), warrants and ESOS.



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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-14 RM'000	Preceding Year Corresponding Quarter 31-May-13 RM'000	Current Year To Date 31-May-14 RM'000	Preceding Year Corresponding Period 31-May-13 RM'000
Adjusted net profit for the period attributable to owners of the Company:				
Net profit attributable to owners of the Company	13,584	13,763	13,584	13,763
Impact on income statement upon conversion of ICULS	52	78	52	78
	13,636	13,841	13,636	13,841
Adjusted weighted average number of shares ('000):				
Weighted average number of ordinary share in issue ('000)	568,124	509,752	568,124	509,752
Adjustment for dilutive effect on conversion of ICULS ('000)	22,717	63,415	22,717	63,415
Adjustment for dilutive effect on Exercise of Warrants ('000)	29,474	24,379	29,474	24,379
Adjustment for dilutive effect on Exercise of ESOS options ('000)	22,494	32,285	22,494	32,285
	642,809	629,831	642,809	629,831
Diluted earnings per RM0.20 share (sen)	2.12	2.20	2.12	2.20



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B11 Share Buy Back

As at end of current quarter, a total of 3,452,300 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 0.523 per share.

B12 Realized and Unrealized Profits / (Losses) disclosure

	As at 31-May-14	As at 28-Feb-14
	RM'000	RM'000
Total unappropriated profits of Pantech and its subsidiaries:		
- Realized	328,645	313,550
- Unrealized	5,157	6,453
	333,802	320,003
Total share of unappropriated profits from associate company:		
- Realized	2,170	2,336
- Unrealized	(1)	(5)
	2,169	2,331
Total share of unappropriated profits from jointly controlled entity:		
- Realized	385	404
- Unrealized	(4)	(20)
	381	384
	336,352	322,718
Less: consolidation adjustments	(91,866)	(91,829)
Total Group unappropriated profits	244,486	230,889



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B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Quarter Ended 31-May-14 RM'000	Financial Year Ended 31-May-14 RM'000
Interest income	201	201
Other income including investment income	199	199
Interest expense	(2,173)	(2,173)
Depreciation and amortization	(3,317)	(3,317)
Allowance for impairment and write off of receivables no longer required	353	353
Allowance for slow moving and write off of inventories	(30)	(30)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(75)	(75)
Unrealised foreign exchange gain/(loss)	(393)	(393)
(Loss)/Gain on derivatives	8	8
Exceptional items	-	-

Date: 23rd July 2014