



## INTERIM FINANCIAL REPORT

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

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2014 RM'000	Preceding Year Corresponding Quarter 31/8/2013 RM'000	Current Year To Date 31/8/2014 RM'000	Preceding Year Corresponding Period 31/8/2013 RM'000
<b>Revenue</b>	<b>141,370</b>	<b>153,826</b>	<b>272,048</b>	<b>316,089</b>
Operating Expenses	(121,087)	(129,730)	(231,720)	(271,531)
Other Operating Income	405	639	998	1,453
<b>Profit from Operations</b>	<b>20,688</b>	<b>24,735</b>	<b>41,326</b>	<b>46,011</b>
Finance Cost	(2,484)	(2,630)	(4,994)	(5,377)
Share of profit/(loss) in associate company	(5)	(187)	(34)	(199)
Share of profit/(loss) in joint venture company	19	(1)	17	8
<b>Profit before taxation</b>	<b>18,218</b>	<b>21,917</b>	<b>36,315</b>	<b>40,443</b>
Taxation	(4,824)	(6,615)	(9,338)	(11,376)
<b>Profit for the period</b>	<b>13,394</b>	<b>15,302</b>	<b>26,977</b>	<b>29,067</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	(1,432)	5,853	714	4,599
Realisation of revaluation reserve upon depreciation of revalued asset	31	32	62	65
Transfer of revaluation reserve to unappropriated profit	(31)	(32)	(62)	(65)
Fair value gain/(loss) on cash flow hedge	162	(748)	780	(642)
<b>Total comprehensive income for the period</b>	<b>12,124</b>	<b>20,407</b>	<b>28,471</b>	<b>33,024</b>
<b>Profit/(Loss) for the period attributable to:</b>				
Owners of the Company	13,394	15,302	26,977	29,068
Non-controlling interest	-	-	-	(1)
	<b>13,394</b>	<b>15,302</b>	<b>26,977</b>	<b>29,067</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	12,124	20,407	28,471	33,025
Non-controlling interest	-	-	-	(1)
	<b>12,124</b>	<b>20,407</b>	<b>28,471</b>	<b>33,024</b>
<b>Earnings per share</b>				
(a) Basic earnings per RM0.20 share (sen)	<b>2.33</b>	<b>2.91</b>	<b>4.70</b>	<b>5.52</b>
(b) Diluted earnings per RM0.20 share(sen)	<b>2.05</b>	<b>2.26</b>	<b>4.17</b>	<b>4.43</b>

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 AUGUST 2014**

	31/8/2014 Unaudited	28/02/2014 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, Plant And Equipment	195,870	196,173
Prepaid Land Lease Payments	27,329	27,490
Investment Properties	4,830	4,830
Investment In An Associate Company	2,585	2,619
Investment In A Joint Venture Company	554	545
Capital Work-in-progress	-	680
Goodwill on Acquisition	1,208	1,206
Deferred Tax Assets	2,371	2,421
	<u>234,747</u>	<u>235,964</u>
<b>Current assets</b>		
Inventories	262,747	251,210
Trade and Other Receivables	130,286	130,421
Amount Due from An Associate Company	14,452	10,763
Derivatives Financial Instruments	48	-
Fixed Deposits with Licensed Banks	2,252	2,223
Cash and Bank Balances	75,701	59,884
	<u>485,486</u>	<u>454,501</u>
<b>TOTAL ASSETS</b>	<u>720,233</u>	<u>690,465</u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	120,000	113,909
Share Application Money	54	-
Share Premium	72,973	54,160
Treasury Shares	(2,187)	(1,807)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	5,278	9,143
Warrants Reserve	7,482	7,482
Revaluation Reserve	3,966	4,028
Other Reserves	4,677	8,353
Unappropriated Profit	244,814	230,889
<b>Equity attributable to owners of the Parent</b>	<u>457,057</u>	<u>426,157</u>
Non-controlling interest	-	73
<b>Total Equity</b>	<u>457,057</u>	<u>426,230</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	996	1,976
Long Term Borrowings	60,520	65,479
Other Payables	223	227
Deferred Tax Liabilities	4,377	4,094
	<u>66,116</u>	<u>71,776</u>
<b>Current liabilities</b>		
Trade and Other Payables	43,046	49,078
Overdraft and Short Term Borrowings	134,404	130,436
Amount Due to A Joint Venture Company	307	594
Amount Due to An Associate Company	385	108
Derivative financial instruments	662	1,450
Tax payable	6,331	5,122
Dividend Payable	11,925	5,671
	<u>197,060</u>	<u>192,459</u>
<b>Total Liabilities</b>	<u>263,176</u>	<u>264,235</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>720,233</u>	<u>690,465</u>
<b>NET ASSETS PER SHARE OF RM0.20 EACH (RM)</b>	<b>0.77</b>	<b>0.75</b>

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 AUGUST 2014

	GROUP 31/8/2014 RM'000	GROUP 31/8/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	36,315	40,443
Adjustments for:		
Allowance for impairment of receivables	-	4,427
Allowance for impairment of receivables no longer required	(1,050)	-
Allowance for slow moving inventories	271	337
Amortisation of prepaid land lease payments	162	179
Depreciation of property, plant and equipment	6,443	4,520
Interest expense	4,338	4,863
Bad debts written off	-	28
Employees Share Option Scheme expenses	2	218
Interest income	(384)	(440)
Dividend received	-	(84)
Gain on disposal of other investment	-	(6)
(Gain)/Loss on disposal of property, plant and equipment	(94)	(139)
Fair value loss/(gain) on derivatives financial instruments	(57)	19
Unrealised exchange loss on foreign exchange	1,103	941
Non-cash items	25	153
<b>Operating profit before changes in working capital</b>	<b>47,074</b>	<b>55,459</b>
Changes in working capital:-		
Inventories	(11,808)	13,755
Receivables	1,299	(17,997)
Payables	(7,532)	5,383
Associate company	(3,412)	15,247
Joint Venture Company	(287)	635
<b>Cash generated from operations</b>	<b>25,334</b>	<b>72,482</b>
Dividend paid	(5,671)	(6,096)
Tax paid	(7,894)	(9,542)
<b>Net cash generated from operating activities</b>	<b>11,769</b>	<b>56,844</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	-	84
Acquisition of subsidiaries, net of cash acquired	(75)	-
Interest received	384	440
Purchase of property, plant and equipment	(5,433)	(10,049)
Proceeds from disposal of property, plant and equipment	59	1,059
Proceeds from disposal of other investment	-	13
Capital work-in-progress incurred	-	(8,289)
<b>Net cash used in investing activities</b>	<b>(5,065)</b>	<b>(16,742)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	13,944	10,802
Purchase of treasury shares	(381)	(46)
Interest paid	(4,183)	(4,532)
Share application money received	54	-
Proceed from/(Repayment of) short-term borrowings	8,640	(27,341)
Drawdown of borrowings	145	5,548
Repayment of borrowings	(9,777)	(10,600)
<b>Net cash generated from/(used in) financing activities</b>	<b>8,442</b>	<b>(26,169)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,146</b>	<b>13,933</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>714</b>	<b>4,599</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>62,093</b>	<b>79,153</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>77,953</b>	<b>97,685</b>

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)

**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2014**

	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			
<b>Balance as at 28 February 2013</b>	102,201	-	25,578	(1,670)	25,491	7,482	4,332	8,726	(947)	(177)	205,929	376,945	74	377,019
<b>Transactions with owners:</b>														
Issuance of shares pursuant to exercise of ESOS	3,224	-	11,140	-	-	-	-	(3,562)	-	-	-	10,802	-	10,802
Issuance of shares pursuant to conversion of ICULS	7,903	-	15,805	-	(15,833)	-	-	-	-	-	(3,857)	4,018	-	4,018
Acquisition of treasury shares	-	-	-	(46)	-	-	-	-	-	-	-	(46)	-	(46)
Share options granted under ESOS	-	-	-	-	-	-	-	218	-	-	-	218	-	218
Final dividend payable to shareholders	-	-	-	-	-	-	-	-	-	-	(6,760)	(6,760)	-	(6,760)
First Interim dividend payable to shareholders	-	-	-	-	-	-	-	-	-	-	(6,760)	(6,760)	-	(6,760)
Total transactions with owners	11,127	-	26,945	(46)	(15,833)	-	-	(3,344)	-	-	(17,377)	1,472	-	1,472
Total comprehensive income for the period	-	-	-	-	-	-	(65)	-	4,599	(642)	29,133	33,025	(1)	33,024
<b>Balance as at 31 August 2013</b>	113,328	-	52,523	(1,716)	9,658	7,482	4,267	5,382	3,652	(819)	217,685	411,442	73	411,515

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 AUGUST 2014 (Continued)**

	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	Non-controlling Interest	Total Equity
	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
<b>Balance as at 28 February 2014</b>	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
<b>Transactions with owners:</b>														
Issuance of shares pursuant to exercise of ESOS	4,162	54	14,955	-	-	-	-	(5,172)	-	-	-	13,999	-	13,999
Issuance of shares pursuant to conversion of ICULS	1,929	-	3,858	-	(3,865)	-	-	-	-	-	(1,188)	734	-	734
Acquisition of treasury shares	-	-	-	(380)	-	-	-	-	-	-	-	(380)	-	(380)
Share options granted under ESOS	-	-	-	-	-	-	-	2	-	-	-	2	-	2
Increase Share Capital in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	(73)	(73)
Final dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	-	(5,963)	(5,963)	-	(5,963)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	-	(5,963)	(5,963)	-	(5,963)
<b>Total transactions with owners</b>	<b>6,091</b>	<b>54</b>	<b>18,813</b>	<b>(380)</b>	<b>(3,865)</b>	<b>-</b>	<b>-</b>	<b>(5,170)</b>	<b>-</b>	<b>-</b>	<b>(13,114)</b>	<b>2,429</b>	<b>(73)</b>	<b>2,356</b>
Total comprehensive income for the period	-	-	-	-	-	-	(62)	-	714	780	27,039	28,471	-	28,471
<b>Balance as at 31 August 2014</b>	<b>120,000</b>	<b>54</b>	<b>72,973</b>	<b>(2,187)</b>	<b>5,278</b>	<b>7,482</b>	<b>3,966</b>	<b>66</b>	<b>5,273</b>	<b>(662)</b>	<b>244,814</b>	<b>457,057</b>	<b>-</b>	<b>457,057</b>

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



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## **INTERIM FINANCIAL REPORT**

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### **A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

#### **A1 Basis of preparation**

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

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

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



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## INTERIM FINANCIAL REPORT

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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:

#### Amendments to MFRSs effective on 1 July 2014:

- MFRS 119: Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)  
Annual Improvements to MFRSs 2010-2012 Cycle issued on February 2014.  
Annual Improvements to MFRSs 2011-2013 Cycle issued on February 2014.

#### MFRS effective on 1 January 2016

- MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116: Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 138: Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

#### MFRS effective on 1 January 2017

- MFRS 15: Revenue from Contracts with Customers

#### MFRS issued but effective date to be announced by MASB

- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)
- MFRS 9: Financial Instruments (Hedge Accounting and amendments to MFRS9, MFRS 7 and MFRS 139)

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.



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## INTERIM FINANCIAL REPORT

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

During the current financial year-to-date under review, 20,812,500 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, 57,876,982 units of ICULS have been converted to 9,646,162 ordinary shares of RM0.20 each.

c) Treasury Shares

During the current financial year-to-date under review, the Company had repurchased 358,100 ordinary share or 0.06% of its issued share capital from the open market at the average price paid of RM1.074 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 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 596,190,993 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:-





## INTERIM FINANCIAL REPORT

**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 (7 October 2014);**

Parties	Direct		Indirect		No of ICULS		No of Warrants		No. of ESOS Options (viii)
	No. of Voting Shares	% <sup>(i)</sup>	No. of Voting Shares	% <sup>(i)</sup>	Direct	Indirect	Direct	Indirect	
CTL Capital	108,607,143	18.18	-	-	-	-	17,346,398	-	-
GL Management Agency Sdn Bhd	78,292,843	13.11	-	-	-	-	12,838,130	-	-
Dato' Chew Ting Leng ("CTL")	4,500,000	0.75	108,607,143 <sup>(iii)</sup>	18.18	-	-	-	17,346,398 <sup>(ii)</sup>	-
Dato' Goh Teoh Kean ("GTK")	4,500,000	0.75	78,292,843 <sup>(iii)</sup>	13.11	-	-	-	12,838,130 <sup>(iii)</sup>	-
Tan Ang Ang ("TAA")	9,290,000	1.56	1,633,000 <sup>(iv)</sup>	0.27	-	-	1,347,240	213,000 <sup>(iv)</sup>	1,500,000
To Tai Wai ("TTW")	13,490,380	2.26	-	-	-	-	2,111,880	-	-
Datin Shum Kah Lin ("SKL")	-	-	113,107,143 <sup>(v)</sup>	18.94	-	-	-	17,346,398 <sup>(v)</sup>	-
Datin Lee Sock Kee ("LSK")	-	-	82,792,843 <sup>(vi)</sup>	13.86	-	-	-	12,838,130 <sup>(vi)</sup>	-
Yong Yui Kiew ("YYK")	1,633,000	0.27	9,290,000 <sup>(vii)</sup>	1.56	-	-	213,000	1,347,240 <sup>(vii)</sup>	-
<b>TOTAL</b>	<b>220,313,366</b>	<b>36.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,856,648</b>	<b>-</b>	<b>1,500,000</b>

**Notes:-**

- (i) Excluding a total of 3,810,400 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 7 October 2014.



## INTERIM FINANCIAL REPORT

- 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	19.91	-	-
GL Management	91,130,973	14.40	-	-
CTL	4,500,000	0.71	125,953,541 <sup>(i)</sup>	19.91
GTK	4,500,000	0.71	91,130,973 <sup>(ii)</sup>	14.40
TAA	12,137,240	1.92	1,846,000 <sup>(iii)</sup>	0.29
TTW	15,602,260	2.47	-	-
SKL	-	-	130,453,541 <sup>(iv)</sup>	20.62
LSK	-	-	95,630,973 <sup>(v)</sup>	15.12
YYK	1,846,000	0.29	12,137,240 <sup>(vi)</sup>	1.92
<b>TOTAL</b>	<b>255,670,014</b>	<b>40.41</b>	-	-

**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.



## INTERIM FINANCIAL REPORT

**A8 Dividend Paid**

	<b>Current Year To-date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>
<b>Third interim dividend in respect of financial year ended 28 February 2014, paid on 16 April 2014</b> Single tier dividend of 1.0 sen per ordinary share of RM0.20	<b>5,671</b>	-
<b>Third interim dividend in respect of financial year ended 28 February 2013, paid on 17 April 2013</b> Single tier dividend of 1.2 sen per ordinary share of RM0.20	-	6,096
	<b>5,671</b>	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.

	<b>Trading of PVF products RM'000</b>	<b>Manufacturing of pipes &amp; pipe fittings RM'000</b>	<b>Investment and Management RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 August 2014</b>					
<b>Revenue</b>					
External Revenue	160,854	111,194	-	-	272,048
Intersegment revenue	8,363	16,759	6,380	(31,502)	-
<b>Total revenue</b>	<b>169,217</b>	<b>127,953</b>	<b>6,380</b>	<b>(31,502)</b>	<b>272,048</b>
<b>Segment Profit</b>	<b>21,834</b>	<b>19,605</b>	<b>4,823</b>	<b>(5,320)</b>	<b>40,942</b>
Interest income					384
Finance costs					(4,994)
Share of profit of joint venture					17
Share of loss of associate					(34)
<b>Profit before tax</b>					<b>36,315</b>



## INTERIM FINANCIAL REPORT

### 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
<b>Period Ended 31 August 2013</b>					
<b>Revenue</b>					
External Revenue	156,779	159,310	-	-	316,089
Intersegment revenue	9,321	18,937	9,913	(38,171)	-
Total revenue	<u>166,100</u>	<u>178,247</u>	<u>9,913</u>	<u>(38,171)</u>	<u>316,089</u>
<b>Segment Profit</b>	19,902	26,124	8,946	(9,401)	45,571
Interest income					440
Finance costs					(5,377)
Share of profit of joint venture					8
Share of loss of associate					(199)
Profit before tax					<u>40,443</u>

\* PVF : Represents pipes, valves and fittings.

Analysis of the Group's revenue by geographical segments:

	<b>Revenue</b>	
	-- 6 months ended 31 August 2014 -- Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	257,542	313,804
Generated by overseas operation	46,008	40,456
	<u>303,550</u>	354,260
Inter-segments elimination	(31,502)	(38,171)
	<u>272,048</u>	316,089

### 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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## INTERIM FINANCIAL REPORT

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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, except for the increase in the Group's interest in Pantech International (KSA) Sdn Bhd from 90% to 100% after the acquisition of 10% from the minority shareholder is completed on 24 July 2014. The acquisition will not have any significant impact on the financial position of the Group for the year ending 28 February 2015.

**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:-

	<b>31 August 2014</b>
	<b>RM'000</b>
Corporate guarantees	<u>609,112</u> *

\* Represents the total limit of Pantech's corporate guarantee

**A14 Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 31 August 2014 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>4,790</u>
Analyzed as follows:	
- Property, plant and equipment	<u>4,790</u>



## INTERIM FINANCIAL REPORT

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

#### B1 Review of Performance

Business Segment	Revenue Current Quarter		Revenue 6 months to	
	31-Aug-2014	31-Aug-2013	31-Aug-2014	31-Aug-2013
	RM'000	RM'000	RM'000	RM'000
Trading	85,593	77,023	160,854	156,779
Manufacturing	55,777	76,803	111,194	159,310
Investment and Management	-	-	-	-
<b>Consolidated Total</b>	<b>141,370</b>	<b>153,826</b>	<b>272,048</b>	<b>316,089</b>

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 6 months to	
	31-Aug-2014	31-Aug-2013	31-Aug-2014	31-Aug-2013
	RM'000	RM'000	RM'000	RM'000
Trading	11,166	9,951	19,618	17,607
Manufacturing	8,278	13,044	19,008	25,213
Investment and Management	(1,226)	(1,078)	(2,311)	(2,377)
<b>Consolidated Total</b>	<b>18,218</b>	<b>21,917</b>	<b>36,315</b>	<b>40,443</b>

#### Trading Division

For the current quarter ended 31 August 2014, the trading division achieved higher external revenue of RM85.59 million (Q2FY14: RM77.02 million) and higher segment profit before tax of RM11.17 million (Q2FY14: RM9.95 million), an increase of approximately 11% and 12% respectively.

For the 6 months ended 31 August 2014, the trading division achieved higher external revenue of RM160.85 million (6 months FY14: RM156.78 million) and a higher segment profit before tax of RM19.62 million (6 months FY14: RM17.61 million), an increase of approximately 3% and 11% respectively.

The higher revenue and higher profit before tax for the current quarter and the 6 months ended 31 August 2014 are mainly due to stronger sales demand from oil and gas sector and better contribution from overseas subsidiary.



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## **INTERIM FINANCIAL REPORT**

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### **B1 Review of Performance (Cont'd)**

#### **Manufacturing Division**

For the current quarter ended 31 August 2014, the manufacturing division recorded a lower external revenue of RM55.78 million (Q2FY14: RM76.80 million) and a lower segment profit before tax of RM8.28 million (Q2FY14: RM13.04 million), a decrease of approximately 27% and 37% respectively.

For the 6 months ended 31 August 2014, the manufacturing division recorded a lower external revenue of RM111.19 million (6 months FY14: RM159.31 million) and lower segment profit before tax of RM19.01 million (6 months FY14: RM25.21 million), a decrease of approximately 30% and 25% respectively.

The lower revenue and lower profit before tax for the current quarter and the 6 months ended 31 August 2014 are mainly due to decrease in manufacturing division output caused by 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 current quarter ended 31 August 2014, the Group registered lower revenue of RM141.37 million (Q2FY14: RM153.83 million) and a lower profit before taxation of RM18.22 million (Q2FY14: RM21.92 million), a decrease of approximately 8% and 17% respectively. The weaker performance is mainly due to lower contribution from the manufacturing division.

For the 6 months ended 31 August 2014, the Group registered lower revenue of RM272.05 million (6 months FY14: RM316.09 million), profit before tax of RM36.32 million (6 months FY14: RM40.44 million) and profit after taxation of RM26.98 million (6 months FY14: RM29.07 million). Despite better trading performance, the weaker manufacturing performance caused by decrease in export sales demand, has offset the better performance of the trading division.

### **B2 Variation of results against preceding quarter**

In the current quarter under review, the Group reported a higher revenue of RM141.37 million compared to RM130.68 million of the preceding quarter, and a comparable profit after taxation of RM13.39 million compared to preceding quarter of RM13.58 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.



## INTERIM FINANCIAL REPORT

### B3 Prospects (Cont'd)

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.

During the current quarter, the Group has managed to secure its first supply package toward the RAPID project. We believe going forward the Group will have more opportunity to supply for these Projects.

### B4 Variance on Profit Forecast/Profit Guarantee

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

### B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Aug-14 RM'000	Preceding Year Corresponding Quarter 31-Aug-13 RM'000	Current Year To Date 31-Aug-14 RM'000	Preceding Year Corresponding Period 31-Aug-13 RM'000
Current taxation	4,507	6,066	9,023	11,613
Transferred from / (to) deferred tax assets	110	(493)	112	(1,384)
Transferred (from) / to deferred taxation	230	1,064	245	1,191
Crystallization of deferred taxation upon depreciation of revalued assets	(23)	(22)	(42)	(44)
	4,824	6,615	9,338	11,376

Tax expense for the current quarter and financial year-to-date ended 31 August 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 higher than the statutory rate mainly due to certain expenses are not deductible for tax purposes.

### 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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## INTERIM FINANCIAL 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:-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<u>Unsecured:-</u>		
- Term loans	9,746	52,661
- Hire purchase	2,818	7,859
- Bankers' acceptances, trust receipts and other short term loan	92,653	-
- Onshore foreign currency loan	24,187	-
- Commodity Murabahah Revolving Credit-i	5,000	-
	<u>134,404</u>	<u>60,520</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	7,610	24,187
SGD Dollar	3,117	7,935
GBP Pound	1,875	9,959

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 second 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 second interim dividend will be paid on 15 January 2015 to shareholders whose names appear on the Company's Record of Depositors on 26 December 2014.

The total dividend per share for the current financial year is 2.0 sen single tier dividend per ordinary share of RM 0.20 each (Preceding year corresponding period: 2.4 sen).



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## INTERIM FINANCIAL REPORT

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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-Aug-14 RM'000	31-Aug-13 RM'000	31-Aug-14 RM'000	31-Aug-13 RM'000
Net profit attributable to owners of the Company	13,394	15,302	26,977	29,068
Weighted average number of ordinary share in issue ('000)	573,744	526,598	573,744	526,598
Basic earnings per RM0.20 share (sen)	2.33	2.91	4.70	5.52

#### 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.



## INTERIM FINANCIAL REPORT

**B10 Earnings Per Share (Cont'd)**

**b) Diluted Earnings Per Share (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter  31-Aug-14 RM'000	Preceding Year Corresponding Quarter 31-Aug-13 RM'000	Current Year To Date  31-Aug-14 RM'000	Preceding Year Corresponding Period 31-Aug-13 RM'000
<b>Adjusted net profit for the period attributable to owners of the Company:</b>				
Net profit attributable to owners of the Company	13,394	15,302	26,977	29,068
Impact on income statement upon conversion of ICULS	(143)	(938)	(90)	(860)
	<b>13,251</b>	<b>14,364</b>	<b>26,887</b>	<b>28,208</b>
<b>Adjusted weighted average number of shares ('000):</b>				
Weighted average number of ordinary share in issue ('000)	573,744	526,598	573,744	526,598
Adjustment for dilutive effect on conversion of ICULS ('000)	20,919	51,810	20,919	51,810
Adjustment for dilutive effect on Exercise of Warrants ('000)	32,143	31,235	32,143	31,235
Adjustment for dilutive effect on Exercise of ESOS options ('000)	18,594	27,018	18,594	27,018
	<b>645,400</b>	<b>636,661</b>	<b>645,400</b>	<b>636,661</b>
<b>Diluted earnings per RM0.20 share (sen)</b>	<b>2.05</b>	<b>2.26</b>	<b>4.17</b>	<b>4.43</b>



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## INTERIM FINANCIAL REPORT

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### B11 Share Buy Back

As at end of current quarter, a total of 3,810,400 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 0.574 per share.

### B12 Realized and Unrealized Profits / (Losses) disclosure

	As at 31-Aug-14	As at 28-Feb-14
	RM'000	RM'000
<b>Total unappropriated profits of Pantech and its subsidiaries:</b>		
- Realized	329,194	313,550
- Unrealized	4,900	6,453
	<b>334,094</b>	320,003
<b>Total share of unappropriated profits from associate company:</b>		
- Realized	2,167	2,336
- Unrealized	(2)	(5)
	<b>2,165</b>	2,331
<b>Total share of unappropriated profits from jointly controlled entity:</b>		
- Realized	388	404
- Unrealized	5	(20)
	<b>393</b>	384
	<b>336,652</b>	322,718
<b>Less: consolidation adjustments</b>	<b>(91,838)</b>	<b>(91,829)</b>
<b>Total Group unappropriated profits</b>	<b>244,814</b>	<b>230,889</b>



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## INTERIM FINANCIAL REPORT

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**B13 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 31-Aug-14 RM'000</b>	<b>Financial Year Ended 31-Aug-14 RM'000</b>
Interest income	184	384
Other income including investment income	104	303
Interest expense	(2,165)	(4,338)
Depreciation and amortization	(3,288)	(6,605)
Allowance for impairment and write off of receivables no longer required	698	1,050
Allowance for slow moving and write off of inventories	(241)	(271)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	(745)	(820)
Unrealised foreign exchange gain/(loss)	(709)	(1,103)
(Loss)/Gain on derivatives	49	57
Exceptional items	-	-

**Date: 20th October 2014**