



**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 31 MAY 2016**

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/05/2016 RM'000	Preceding Year Corresponding Quarter 31/05/2015 RM'000	Current Year To Date 31/05/2016 RM'000	Preceding Year Corresponding Period 31/05/2015 RM'000
<b>Revenue</b>	<b>123,943</b>	<b>138,635</b>	<b>123,943</b>	<b>138,635</b>
Operating Expenses	(114,821)	(123,686)	(114,821)	(123,686)
Other Operating Income	2,994	722	2,994	722
<b>Profit from Operations</b>	<b>12,116</b>	<b>15,671</b>	<b>12,116</b>	<b>15,671</b>
Finance Cost	(1,768)	(2,202)	(1,768)	(2,202)
Share of (loss)/profit in associate company	(21)	11	(21)	11
Share of (loss)/profit in joint venture company	(2)	49	(2)	49
<b>Profit before taxation</b>	<b>10,325</b>	<b>13,529</b>	<b>10,325</b>	<b>13,529</b>
Taxation	(2,309)	(4,405)	(2,309)	(4,405)
<b>Profit for the period</b>	<b>8,016</b>	<b>9,124</b>	<b>8,016</b>	<b>9,124</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	(697)	1,694	(697)	1,694
Realisation of revaluation reserve upon depreciation of revalued asset	46	6	46	6
Transfer of revaluation reserve to unappropriated profit	(46)	(6)	(46)	(6)
Fair value gain on cash flow hedge	50	518	50	518
Total comprehensive income for the period	<b>7,369</b>	<b>11,336</b>	<b>7,369</b>	<b>11,336</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	8,089	9,124	8,089	9,124
Non-controlling interest	(73)	-	(73)	-
	<b>8,016</b>	<b>9,124</b>	<b>8,016</b>	<b>9,124</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	7,442	11,336	7,442	11,336
Non-controlling interest	(73)	-	(73)	-
	<b>7,369</b>	<b>11,336</b>	<b>7,369</b>	<b>11,336</b>
<b>Earnings per share</b>				
(a) Basic earnings per RM0.20 share (sen)	<b>1.32</b>	<b>1.52</b>	<b>1.32</b>	<b>1.52</b>
(b) Diluted earnings per RM0.20 share (sen)	<b>1.32</b>	<b>1.48</b>	<b>1.32</b>	<b>1.48</b>

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 2016 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 2016**

	31/05/2016 Unaudited	29/02/2016 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	197,787	199,755
Prepaid Land Lease Payments	34,159	26,844
Investment Properties	6,500	6,500
Investment In An Associate Company	2,213	2,234
Investment In A Joint Venture Company	784	797
Capital Work-in-progress	11,251	10,260
Derivatives Financial Instruments	1,407	-
Goodwill on Acquisition	1,282	1,282
Deferred Tax Assets	963	1,413
	<u>256,346</u>	<u>249,085</u>
<b>Current Assets</b>		
Inventories	244,548	253,368
Trade and Other Receivables	121,797	119,582
Amount Due from An Associate Company	10,961	17,323
Derivatives Financial Instruments	2,074	3,998
Fixed Deposits with Licensed Banks	8,369	2,352
Cash and Bank Balances	72,516	74,599
	<u>460,265</u>	<u>471,222</u>
<b>TOTAL ASSETS</b>	<u><u>716,611</u></u>	<u><u>720,307</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	123,294	123,294
Share Premium	80,634	80,634
Treasury Shares	(3,723)	(2,949)
Revaluation Reserve	12,709	12,755
Warrants Reserve	7,482	7,482
Other Reserves	16,793	17,440
Unappropriated Profit	278,776	270,641
<b>Equity attributable to owners of the Parent</b>	<u>515,965</u>	<u>509,297</u>
Non-Controlling Interest	9,700	(27)
<b>Total Equity</b>	<u><u>525,665</u></u>	<u><u>509,270</u></u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	44,100	40,317
Other Payables	258	263
Deferred Tax Liabilities	5,889	5,892
	<u>50,247</u>	<u>46,472</u>
<b>Current Liabilities</b>		
Trade and Other Payables	38,863	38,101
Overdraft and Short Term Borrowings	100,214	119,348
Amount Due to A Joint Venture Company	530	802
Amount Due to An Associate Company	231	253
Derivative Financial Instruments	167	727
Tax Payable	694	2,275
Dividend Payable	-	3,059
	<u>140,699</u>	<u>164,565</u>
<b>Total Liabilities</b>	<u><u>190,946</u></u>	<u><u>211,037</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>716,611</u></u>	<u><u>720,307</u></u>
 NET ASSETS PER SHARE OF RM0.20 EACH (RM)	 <b>0.84</b>	 <b>0.83</b>

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 2016 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 2016

	GROUP 31/05/2016 RM'000	GROUP 31/05/2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,325	13,529
Adjustments for:		
Allowance for impairment of receivables	73	518
Allowance for impairment of receivables no longer required	(1,369)	-
Allowance for slow moving inventories	204	-
Amortisation of prepaid land lease payments	128	81
Depreciation of property, plant and equipment	3,489	3,576
Interest expense	1,497	2,092
Interest income	(207)	(97)
Gain on disposal of property, plant and equipment	(89)	(38)
Loss on fair value of derivatives financial instruments	7	15
Unrealised exchange gain on foreign exchange	(222)	(1,717)
Non-cash items	24	(49)
<b>Operating profit before changes in working capital</b>	<b>13,860</b>	<b>17,910</b>
Changes in working capital:-		
Inventories	8,616	8,830
Receivables	(745)	(6,996)
Payables	946	(8,829)
Associate company	6,340	(8,310)
Joint Venture Company	(272)	(167)
<b>Cash generated from operations</b>	<b>28,745</b>	<b>2,438</b>
Tax paid (net)	(3,617)	(4,603)
<b>Net cash generated from/(used in) operating activities</b>	<b>25,128</b>	<b>(2,165)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	207	97
Purchase of property, plant and equipment	(1,123)	(1,892)
Proceeds from disposal of property, plant and equipment	139	76
Capital work-in-progress incurred	(991)	(3,604)
Proceed from non-controlling interests	2,588	-
Purchase of prepaid land lease payment	(231)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>589</b>	<b>(5,323)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,059)	(3,589)
Proceeds from issuance of share capital	-	968
Purchase of treasury shares	(774)	(266)
Interest paid	(1,773)	(2,637)
Repayment of finance lease creditors	(972)	(925)
Repayment of short-term borrowings	(20,939)	(2,089)
Drawdown of term loans	10,200	-
Repayment of term loans	(3,633)	(4,056)
<b>Net cash used in financing activities</b>	<b>(20,950)</b>	<b>(12,594)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,767</b>	<b>(20,082)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>(833)</b>	<b>1,694</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>76,951</b>	<b>57,676</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>80,885</b>	<b>39,288</b>

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 2016 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 2016**

	← Attributable to Owners of the Company →													
	← 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	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
<b>Balance as at 1 March 2015</b>	120,597	7	74,744	(4,139)	4,821	7,482	3,904	94	7,237	1,304	251,355	467,406	-	467,406
<b>Transactions with owners:</b>														
Issuance of shares pursuant to exercise of ESOS	291	(7)	1,077	-	-	-	-	(94)	-	-	(293)	974	-	974
Issuance of shares pursuant to conversion of ICULS	2,406	-	4,813	-	(4,821)	-	-	-	-	-	(1,657)	741	-	741
Acquisition of treasury shares	-	-	-	(267)	-	-	-	-	-	-	-	(267)	-	(267)
<b>Total transactions with owners</b>	<b>2,697</b>	<b>(7)</b>	<b>5,890</b>	<b>(267)</b>	<b>(4,821)</b>	<b>-</b>	<b>-</b>	<b>(94)</b>	<b>-</b>	<b>-</b>	<b>(1,950)</b>	<b>1,448</b>	<b>-</b>	<b>1,448</b>
Profit for the period	-	-	-	-	-	-	-	-	-	-	9,124	9,124	-	9,124
Other comprehensive income for the period	-	-	-	-	-	-	(6)	-	1,694	518	6	2,212	-	2,212
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>-</b>	<b>1,694</b>	<b>518</b>	<b>9,130</b>	<b>11,336</b>	<b>-</b>	<b>11,336</b>
<b>Balance as at 31 May 2015</b>	<b>123,294</b>	<b>-</b>	<b>80,634</b>	<b>(4,406)</b>	<b>-</b>	<b>7,482</b>	<b>3,898</b>	<b>-</b>	<b>8,931</b>	<b>1,822</b>	<b>258,535</b>	<b>480,190</b>	<b>-</b>	<b>480,190</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 29 February 2016 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 2016 (continued)**

	← Attributable to Owners of the Company →										
	← Non-Distributable →					Distributable					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation 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
<b>Balance as at 1 March 2016</b>	123,294	80,634	(2,949)	7,482	12,755	14,178	3,262	270,641	509,297	(27)	509,270
<b>Transactions with owners:</b>											
Increase share capital in subsidiary	-	-	-	-	-	-	-	-	-	9,800	9,800
Acquisition of treasury shares	-	-	(774)	-	-	-	-	-	(774)	-	(774)
Total transactions with owners	-	-	(774)	-	-	-	-	-	(774)	9,800	9,026
Profit for the period	-	-	-	-	-	-	-	8,089	8,089	(73)	8,016
Other comprehensive income for the period	-	-	-	-	(46)	(697)	50	46	(647)	-	(647)
Total comprehensive income for the period	-	-	-	-	(46)	(697)	50	8,135	7,442	(73)	7,369
<b>Balance as at 31 May 2016</b>	123,294	80,634	(3,723)	7,482	12,709	13,481	3,312	278,776	515,965	9,700	525,665

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 2016 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 29 February 2016. 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 2016.

#### **A2 Summary of Significant Accounting Policies**

##### **(a) Adoption of New and Amendments to MFRSs**

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 29 February 2016, except for adoption of the following new standards and amendments to MFRSs which are mandatory for the financial period beginning on or after 1 January 2016.

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception
- Amendments to MFRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations
- Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets : Clarification of acceptable methods of depreciation and amortization
- Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Agriculture - Bearer Plants



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## INTERIM FINANCIAL REPORT

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### A2 Summary of Significant Accounting Policies (continued)

#### (a) Adoption of New and Amendments to MFRSs (continued)

- Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 – 2015 Cycle, including the amendments to:
  - MFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in methods of disposal
  - MFRS 7 Financial Instruments - Disclosures: Servicing contracts
  - MFRS 7 Financial Instruments - Disclosures: Applicability of the amendments to MFRS 7 to condensed interim financial statements
  - MFRS 119 Employee Benefits: Discount rate – regional market issue
  - MFRS 134 Interim Financial Reporting: Disclosure of information “elsewhere in the interim financial report”

#### (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:

##### MFRS and Amendments to MFRSs effective 1 January 2018:

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2015)
- MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 7 Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures

##### Amendments to MFRS effective 1 January 2019:

- MFRS 16 Leases

##### Amendments to MFRS (deferred effective date to be announced by the MASB):

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture



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## INTERIM FINANCIAL REPORT

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### **A2 Summary of Significant Accounting Policies (continued)**

MFRS 5, 14 and 141 are not applicable to the Group's operations.

MFRS 5, 10, 11, 12, 14, 116, 119, 127, 128, 134, 138 and 141 are not applicable to the Company's operations.

The initial adoption of the above standards, amendments and interpretations are not expected to have any financial impacts to the financial statements of the Group except for MFRS 9, MFRS 15 and MFRS 16. The Group is currently assessing the impact of MFRS 9, MFRS 15 and MFRS 16 and plans to adopt the new standards on the required effective date.

### **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 2016 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 current financial year-to-date under review, the Company had repurchased 1,361,300 ordinary share or 0.22% of its issued share capital from the open market at the average price paid of RM0.57 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 under review, the number of ordinary shares in issue after deducting treasury shares against equity is 610,343,720 ordinary shares of RM0.20 each.





## INTERIM FINANCIAL REPORT

### A7 Debt and Equity Securities (continued)

- 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:-

#### 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. ICULS has been fully converted on 6 May 2015.

#### ii. Number and percentage of voting shares in Pantech, and the number of Warrants held by CTL Capital and the PACs as at the latest practicable date prior to disclosure (12 July 2016);

Parties	Direct		Indirect		No of Warrants	
	No. of Voting Shares	% <sup>(i)</sup>	No. of Voting Shares	% <sup>(i)</sup>	Direct	Indirect
CTL Capital	109,693,214	17.99	-	-	17,346,398	-
GL Management Agency Sdn Bhd	79,075,770	12.97	-	-	12,838,130	-
Dato' Chew Ting Leng (“CTL”)	4,545,000	0.75	109,693,214 <sup>(ii)</sup>	17.99	-	17,346,398 <sup>(ii)</sup>
Dato' Goh Teoh Kean (“GTK”)	4,545,000	0.75	79,075,770 <sup>(iii)</sup>	12.97	-	12,838,130 <sup>(iii)</sup>
Tan Ang Ang (“TAA”)	10,897,900	1.79	1,649,330 <sup>(iv)</sup>	0.27	1,347,240	213,000 <sup>(iv)</sup>
To Tai Wai (“TTW”)	13,625,283	2.24	-	-	2,111,880	-
Datin Shum Kah Lin (“SKL”)	-	-	114,238,214 <sup>(v)</sup>	18.74	-	17,346,398 <sup>(viii)</sup>
Datin Lee Sock Kee (“LSK”)	-	-	83,620,770 <sup>(vi)</sup>	13.72	-	12,838,130 <sup>(ix)</sup>
Yong Yui Kiew (“YYK”)	1,649,330	0.27	10,897,900 <sup>(vii)</sup>	1.79	213,000	1,347,240 <sup>(vii)</sup>
<b>TOTAL</b>	<b>224,031,497</b>	<b>36.76</b>	<b>-</b>	<b>-</b>	<b>33,856,648</b>	<b>-</b>



## INTERIM FINANCIAL REPORT

### A7 Debt and Equity Securities (continued)

**ii. Number and percentage of voting shares in Pantech, and the number of Warrants held by CTL Capital and the PACs as at the latest practicable date prior to disclosure (12 July 2016) (continued);**

**Notes:-**

- (i) Excluding a total of 6,885,760 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, and by virtue of her spouse CTL's direct shareholding in the Company pursuant to Section 134(12) 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, and by virtue of her spouse GTK's direct shareholding in the Company pursuant to Section 134(12) 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) Deemed interested by virtue of her and her spouse CTL's interests in CTL Capital pursuant to Section 6A of the Act.
- (ix) Deemed interested by virtue of her and her spouse GTK's interests in GL Management pursuant to Section 6A of the Act.

**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 Warrants in full;**

Parties	Direct		Indirect	
	No. of voting shares	%	No. of voting shares	%
CTL Capital	127,039,612	19.74	-	-
GL Management	91,913,900	14.28	-	-
CTL	4,545,000	0.71	127,039,612 <sup>(i)</sup>	19.68
GTK	4,545,000	0.71	91,913,900 <sup>(ii)</sup>	14.24
TAA	12,245,140	1.90	1,862,330 <sup>(iii)</sup>	0.29
TTW	15,737,163	2.45	-	-
SKL	-	-	131,584,612 <sup>(iv)</sup>	20.38
LSK	-	-	96,458,900 <sup>(v)</sup>	14.94
YYK	1,862,330	0.29	12,245,140 <sup>(vi)</sup>	1.90
<b>TOTAL</b>	<b>257,888,145</b>	<b>40.08</b>	-	-



## INTERIM FINANCIAL REPORT

### A7 Debt and Equity Securities (continued)

- 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 Warrants in full (continued);

*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, and by virtue of her spouse CTL's direct shareholding in the Company pursuant to Section 134(12) 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, and by virtue of her spouse GTK's direct shareholding in the Company pursuant to Section 134(12) 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 Warrants by CTL Capital and the PACs.

### 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 29 February 2016, paid on 15 April 2016</b> Single tier dividend of 0.5 sen per ordinary share of RM0.20	<b>3,059</b>	-
<b>Third interim dividend in respect of financial year ended 28 February 2015, paid on 16 April 2015</b> Single tier dividend of 0.6 sen per ordinary share of RM0.20	-	3,589
	<b>3,059</b>	<b>3,589</b>



## INTERIM FINANCIAL REPORT

### 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>Year Ended 31 May 2016</b>					
<b>Revenue</b>					
External Revenue	79,686	44,257	-	-	123,943
Intersegment revenue	11,551	8,053	3,642	(23,246)	-
<b>Total revenue</b>	<b>91,237</b>	<b>52,310</b>	<b>3,642</b>	<b>(23,246)</b>	<b>123,943</b>
<b>Segment Profit</b>	<b>7,988</b>	<b>3,933</b>	<b>2,856</b>	<b>(2,868)</b>	<b>11,909</b>
Interest income					207
Finance costs					(1,768)
Share of loss of joint venture					(2)
Share of loss of associate					(21)
<b>Profit before tax</b>					<b>10,325</b>
<b>Year Ended 31 May 2015</b>					
<b>Revenue</b>					
External Revenue	81,571	57,064	-	-	138,635
Intersegment revenue	6,186	6,925	633	(13,744)	-
<b>Total revenue</b>	<b>87,757</b>	<b>63,989</b>	<b>633</b>	<b>(13,744)</b>	<b>138,635</b>
<b>Segment Profit</b>	<b>9,572</b>	<b>6,500</b>	<b>(166)</b>	<b>(332)</b>	<b>15,574</b>
Interest income					97
Finance costs					(2,202)
Share of profit of joint venture					49
Share of profit of associate					11
<b>Profit before tax</b>					<b>13,529</b>

\* PVF: Represents pipes, valves and fittings.



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## INTERIM FINANCIAL REPORT

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### A9 Segment Information (continued)

Analysis of the Group's revenue by geographical segments:

	Revenue	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	125,453	138,872
Generated by overseas operation	21,736	13,507
	147,189	152,379
Inter-segments elimination	(23,246)	(13,744)
	123,943	138,635

### 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 was 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 2016.

### 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

The Company has on 13 October 2015 incorporated a 51% owned subsidiary by the name of PANTECH GALVANISING SDN. BHD ("PGSB"). The issued share capital of PGSB is RM100.00 comprising 100 ordinary shares of RM1.00 each.

On 13 April 2016, the Company subscribed for an additional 10,199,949 ordinary shares of RM1.00 each in PGSB for RM10,199,949. Following the subscription, the Company's effective interest in PGSB remained at 51%.



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## INTERIM FINANCIAL REPORT

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### 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 May 2016</b>
	<b>RM'000</b>
Corporate guarantees	<u>721,620</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 2016 are as follows:

	<b>31 May 2016</b>
	<b>RM'000</b>
Approved and contracted for	<u>12,713</u>



## INTERIM FINANCIAL REPORT

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

**B1 Review of Performance**

	Revenue		Revenue	
	Current Quarter		3 months to	
	31-May-16	31-May-15	31-May-16	31-May-15
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	79,686	81,571	79,686	81,571
Manufacturing	44,257	57,064	44,257	57,064
Investment and Management	-	-	-	-
<b>Consolidated Total</b>	<b>123,943</b>	<b>138,635</b>	<b>123,943</b>	<b>138,635</b>

	Profit Before Taxation		Profit Before Taxation	
	Current Quarter		3 months to	
	31-May-16	31-May-15	31-May-16	31-May-15
	RM'000	RM'000	RM'000	RM'000
<b>Business Segment</b>				
Trading	7,414	8,075	7,414	8,075
Manufacturing	3,915	6,349	3,915	6,349
Investment and Management	(1,004)	(895)	(1,004)	(895)
<b>Consolidated Total</b>	<b>10,325</b>	<b>13,529</b>	<b>10,325</b>	<b>13,529</b>

**Trading Division**

For the current quarter ended 31 May 2016, the trading division recorded a lower external revenue of RM79.69 million (Q1FY16: RM81.57 million) and lower segment profit before tax of RM7.41 million (Q1FY16: RM8.08 million), a decrease of approximately RM1.88 million (2.30%) and RM0.67 million (8.29%) respectively.

The lower revenue for the current quarter was mainly due to the lower sales demand and delivery in the local oil and gas sector. In line with the lower revenue, the trading division recorded a lower profit before tax ("PBT").



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## INTERIM FINANCIAL REPORT

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### **B1 Review of Performance (continued)**

#### **Manufacturing Division**

For the current quarter ended 31 May 2016, the manufacturing division recorded a lower external revenue of RM44.26 million (Q1FY16: RM57.06 million) and a lower segment profit before tax of RM3.92 million (Q1FY16: RM6.35 million), a decrease of approximately RM12.80 million (22.43%) and RM2.43 million (38.27%) respectively.

The lower revenue and segment profit before tax for the current quarter was mainly due to decrease in manufacturing division output caused by the decrease in global sales demand from oil and gas sector as well as competitive pricing in the international market.

#### **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 May 2016, the Group registered a lower revenue of RM123.94 million (Q1FY16: RM138.64 million) and lower profit before tax of RM10.33 million (Q1FY16: RM13.53 million). The weaker performance was mainly due to the lower contribution from manufacturing division arising from decreasing global demand from oil and gas sector and competitive pricing.

### **B2 Variation of Results against Preceding Quarter**

In the current quarter under review, the Group reported a higher revenue of RM123.94 million compared to the preceding quarter of RM109.24 million, and a higher profit after taxation of RM8.02 million compared to preceding quarter of RM7.30 million which was mainly due to better contribution from trading division.

### **B3 Prospects**

In view of the current low international oil price, the Group is cautious with the challenges faced by the oil and gas industry in Malaysia and the region. The Group will prudently continue to focus and expand on its existing revenue generating businesses and seek opportunities to grow its businesses, both local and overseas, by expanding its capacity as the major pipes, valves and fittings solutions provider to the oil and gas industries, related upstream and down-stream industries.

With the continuous development of RAPID projects and associated facilities in southern Johor, the Group is aware of the short term challenges in the oil and gas industries but is of the view that the long term outlook of the Group 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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## INTERIM FINANCIAL REPORT

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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 31-May-16 RM'000	Preceding Year Corresponding Quarter 31-May-15 RM'000	Current Year To Date 31-May-16 RM'000	Preceding Year Corresponding Period 31-May-15 RM'000
Current taxation	1,866	4,165	1,866	4,165
Transferred from deferred tax assets	455	-	455	-
Transferred to deferred Tax liabilities	-	261	-	261
Crystallization of deferred taxation upon depreciation of revalued assets	(12)	(21)	(12)	(21)
	<u>2,309</u>	<u>4,405</u>	<u>2,309</u>	<u>4,405</u>

Tax expense for the current quarter and financial year-to-date ended 31 May 2016 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 lower than the statutory rate, mainly due to utilization of the tax incentive by one of the subsidiary.

### 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	20,599	40,883
- Hire purchase	3,192	3,217
- Bankers' acceptances, trust receipts and other short term loan	58,048	-
- Onshore foreign currency loan	18,375	-
	<u>100,214</u>	<u>44,100</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	4,056	16,579
SGD Dollar	42	124
GBP Pound	305	1,796
	<u>4,403</u>	<u>18,499</u>

### **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 0.50 sen per ordinary shares of RM0.20 each in respect of the financial year ending 28 February 2017 (Previous year corresponding period: 0.50 sen). The first interim dividend will be paid on 19 October 2016 to shareholders whose names appear on the Company's Register of Depositors on 30 September 2016.

The total dividend per share for the current financial year is 0.50 sen single tier dividend per ordinary share of RM0.20 each (Preceding year corresponding period: 0.50 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-May-16 RM'000	31-May-15 RM'000	31-May-16 RM'000	31-May-15 RM'000
Net profit attributable to owners of the Company	8,089	9,124	8,089	9,124
Weighted average number of ordinary share in issue ('000)	611,166	602,126	611,166	602,126
<b>Basic earnings per RM0.20 share (sen)</b>	<b>1.32</b>	<b>1.52</b>	<b>1.32</b>	<b>1.52</b>

#### 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. Diluted earnings per share is the same as basic earnings per share for the current period as there is no potential dilutive effect of ordinary shares that would be issued upon exercise of warrants.



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## INTERIM FINANCIAL REPORT

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### B10 Earnings per Share (continued)

#### b) Diluted Earnings per Share (continued)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-May-16 RM'000	Preceding Year Corresponding Quarter 31-May-15 RM'000	Current Year To Date 31-May-16 RM'000	Preceding Year Corresponding Period 31-May-15 RM'000
Net profit attributable to owners of the Company	8,089	9,124	8,089	9,124
<b>Adjusted weighted average Number of shares ('000):</b>				
Weighted average number of ordinary share in issue ('000)	611,166	602,126	611,166	602,126
Adjustment for dilutive effect on exercise of warrants ('000)	-	12,832	-	12,832
	<b>611,166</b>	<b>614,958</b>	<b>611,166</b>	<b>614,958</b>
Diluted earnings per RM0.20 share (sen)	<b>1.32</b>	<b>1.48</b>	<b>1.32</b>	<b>1.48</b>

### B11 Share Buy Back

As at end of current quarter, a total of 6,127,760 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 RM0.61 per share.



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## INTERIM FINANCIAL REPORT

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**B12 Realized and Unrealized Profits / (Losses) Disclosure**

	As at 31-May-16	As at 29-Feb-16
	RM'000	RM'000
<b>Total unappropriated profits of Pantech and its subsidiaries:</b>		
- Realized	361,058	350,964
- Unrealized	4,731	6,929
	<b>365,789</b>	357,893
<b>Total share of unappropriated profits from associate company:</b>		
- Realized	1,685	1,946
- Unrealized	107	(1)
	<b>1,792</b>	1,945
<b>Total share of unappropriated profits from jointly controlled entity:</b>		
- Realized	819	661
- Unrealized	-	(25)
	<b>819</b>	636
	<b>368,400</b>	360,474
<b>Less: consolidation adjustments</b>	<b>(89,624)</b>	(89,833)
<b>Total Group unappropriated profits</b>	<b>278,776</b>	270,641



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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-May-16 RM'000</b>	<b>Financial Year Ended 31-May-16 RM'000</b>
Interest income	207	207
Other income including investment income	144	144
Interest expense	(1,497)	(1,497)
Depreciation and amortization	(3,617)	(3,617)
Allowance for impairment and write off of receivables	1,296	1,296
Allowance for slow moving and write off of inventories	(204)	(204)
Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-
Gain on disposal of property, plant and equipment	89	89
Realised foreign exchange gain/(loss)	(1,791)	(1,791)
Unrealised foreign exchange gain/(loss)	222	222
Loss/(gain) on derivatives	(7)	(7)
Exceptional items	-	-

**Date: 21<sup>th</sup> July 2016**