



**INTERIM FINANCIAL REPORT**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE PERIOD ENDED 31 AUGUST 2013**

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/8/2013 RM'000	Preceding Year Corresponding Quarter 31/8/2012 RM'000	Current Year To Date 31/8/2013 RM'000	Preceding Year Corresponding Period 31/8/2012 RM'000
<b>Revenue</b>	<b>153,826</b>	<b>164,114</b>	<b>316,089</b>	<b>309,345</b>
Operating Expenses	(129,730)	(139,255)	(271,531)	(264,984)
Other Operating Income	639	991	1,453	1,938
<b>Profit from Operations</b>	<b>24,735</b>	<b>25,850</b>	<b>46,011</b>	<b>46,299</b>
Finance Cost	(2,630)	(3,476)	(5,377)	(6,612)
Share of profit/(loss) in associate company	(187)	288	(199)	857
Share of profit in joint venture company	(1)	9	8	38
<b>Profit before taxation</b>	<b>21,917</b>	<b>22,671</b>	<b>40,443</b>	<b>40,582</b>
Taxation	(6,615)	(8,366)	(11,376)	(13,817)
<b>Profit for the period</b>	<b>15,302</b>	<b>14,305</b>	<b>29,067</b>	<b>26,765</b>
<b>Other comprehensive income net of tax</b>				
Foreign currency translation differences for foreign operation	5,853	(114)	4,599	1,556
Realisation of revaluation reserve upon depreciation of revalued asset	32	16	65	67
Transfer of revaluation reserve to unappropriated profit	(32)	(16)	(65)	(67)
Fair value gain/(loss) on cash flow hedge	(748)	(118)	(642)	(664)
Total comprehensive income for the period	<b>20,407</b>	<b>14,073</b>	<b>33,024</b>	<b>27,657</b>
<b>Profit/(Loss) for the period attributable to:</b>				
Owners of the Company	15,302	14,307	29,068	26,769
Non-controlling interest	-	(2)	(1)	(4)
	<b>15,302</b>	<b>14,305</b>	<b>29,067</b>	<b>26,765</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company	20,407	14,075	33,025	27,661
Non-controlling interest	-	(2)	(1)	(4)
	<b>20,407</b>	<b>14,073</b>	<b>33,024</b>	<b>27,657</b>
<b>Earnings per share</b>				
(a) Basic earnings per RM0.20 share (sen)	<b>2.91</b>	<b>3.13</b>	<b>5.52</b>	<b>5.86</b>
(b) Diluted earnings per RM0.20 share(sen)	<b>2.26</b>	<b>2.23</b>	<b>4.43</b>	<b>4.39</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 2013 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 2013

	31/8/2013 Unaudited	28/02/2013 Audited
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, Plant And Equipment	164,008	159,161
Prepaid Land Lease Payments	28,813	21,023
Investment Properties	200	200
Investment In An Associate Company	2,962	3,245
Investment In A Joint Venture Company	528	505
Available-for-sale Investment	-	7
Capital Work-in-progress	27,587	19,526
Goodwill on Consolidation	716	716
Deferred Tax Assets	3,225	3,054
	<u>228,039</u>	<u>207,437</u>
<b>Current assets</b>		
Inventories	245,085	259,178
Trade and Other Receivables	128,521	114,978
Amount Due from An Associate Company	22,877	38,476
Fixed Deposits with Licensed Banks	12,635	5,887
Cash and Bank Balances	85,050	73,266
	<u>494,168</u>	<u>491,785</u>
<b>TOTAL ASSETS</b>	<u>722,207</u>	<u>699,222</u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	113,328	102,201
Share Premium	52,523	25,578
Treasury Shares	(1,716)	(1,670)
Irredeemable Convertible Unsecured Loan Stock - Equity Component	9,658	25,491
Warrants Reserve	7,482	7,482
Revaluation Reserve	4,267	4,332
Other Reserves	8,215	7,602
Unappropriated Profit	217,685	205,929
<b>Equity attributable to owners of the Parent</b>	<u>411,442</u>	<u>376,945</u>
Non-controlling interest	73	74
Total Equity	<u>411,515</u>	<u>377,019</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stock (ICULS) - Liability Component	2,370	7,135
Long Term Borrowings	75,136	75,449
Deferred Tax Liabilities	4,028	4,252
Derivative financial instruments	498	-
	<u>82,032</u>	<u>86,836</u>
<b>Current liabilities</b>		
Trade and Other Payables	56,308	40,809
Overdraft and Short Term Borrowings	148,926	181,006
Amount Due to A Joint Venture Company	635	351
Derivative financial instruments	339	204
Tax payable	8,932	6,905
Dividend Payable	13,520	6,092
	<u>228,660</u>	<u>235,367</u>
<b>Total Liabilities</b>	<u>310,692</u>	<u>322,203</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>722,207</u>	<u>699,222</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.73	0.74

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 2013 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 2013**

	<b>GROUP 31/8/2013 RM'000</b>	<b>GROUP 31/8/2012 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	40,443	40,582
Adjustments for:		
Depreciation of property, plant and equipment	4,520	4,646
Allowance for impairment of receivables	4,427	1,695
Allowance for slow moving inventories	337	-
Bad debts written off	28	-
Employees Share Option Scheme expenses	218	534
Dividend received	(84)	(84)
Unrealised exchange loss	941	726
Loss/(Gain) on disposal of property, plant and equipment	(139)	-
Gain on disposal of other investment	(6)	-
Loss/(Gain) on derivatives	19	(6)
Non-cash items	332	(299)
Interest Expenses	4,863	5,680
Interest Income	(440)	(993)
<b>Operating profit before changes in working capital</b>	<b>55,459</b>	<b>52,481</b>
Changes in working capital:-		
Net changes in inventories	13,755	(27,165)
Net changes in receivables	(17,997)	(11,720)
Net changes in current liabilities	6,018	10,390
Net changes in amount due from associate company	15,247	(3,037)
Net changes in bills payables	(27,341)	48,165
<b>Cash generated from operations</b>	<b>45,141</b>	<b>69,114</b>
Dividend paid	(6,096)	(5,393)
Tax paid	(9,542)	(3,764)
<b>Net cash generated from operating activities</b>	<b>29,503</b>	<b>59,957</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	84	84
Acquisition of subsidiaries, net of cash acquired	-	(40,721)
Acquisition of non-controlling interest in associate company	-	(263)
Interest received	440	993
Purchase of property, plant and equipment	(10,049)	(18,543)
Proceeds from disposal of property, plant and equipment	1,059	203
Proceeds from disposal of other investment	13	-
Capital work-in-progress incurred	(8,289)	(6,437)
<b>Net cash used in investing activities</b>	<b>(16,742)</b>	<b>(64,684)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	10,802	-
Purchase of treasury shares	(46)	(6)
Interest paid	(4,532)	(5,198)
Drawdown of borrowings	5,548	28,273
Repayment of borrowings	(10,600)	(7,821)
<b>Net cash generated from financing activities</b>	<b>1,172</b>	<b>15,248</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>13,933</b>	<b>10,521</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>4,599</b>	<b>1,556</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>79,153</b>	<b>102,334</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>97,685</b>	<b>114,411</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 2013 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 AUGUST 2013**

	← Attributable to Owners of the Company →												
	← Non-Distributable					→ Distributable							
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	ICULS- Equity component RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	Exchange Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>Balance as at 1 March 2012 , restated</b>	90,530	2,236	(1,650)	48,873	7,482	4,466	7,659	100	-	177,457	337,153	77	337,230
<b>Transactions with owners:</b>													
Issuance of shares pursuant to conversion of ICULS	8,773	17,546	-	(17,577)	-	-	-	-	-	(3,193)	5,549	-	5,549
Acquisition of treasury shares	-	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
Share options granted under ESOS	-	-	-	-	-	-	534	-	-	-	534	-	534
Final dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	(6,412)	(6,412)	-	(6,412)
First interim dividend payable to Shareholders	-	-	-	-	-	-	-	-	-	(4,932)	(4,932)	-	(4,932)
<b>Total transactions with owners</b>	<b>8,773</b>	<b>17,546</b>	<b>(6)</b>	<b>(17,577)</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>-</b>	<b>-</b>	<b>(14,537)</b>	<b>(5,267)</b>	<b>-</b>	<b>(5,267)</b>
Total comprehensive income for the period	-	-	-	-	-	(67)	-	1,556	(664)	26,836	27,661	(4)	27,657
<b>Balance as at 31 August 2012</b>	<b>99,303</b>	<b>19,782</b>	<b>(1,656)</b>	<b>31,296</b>	<b>7,482</b>	<b>4,399</b>	<b>8,193</b>	<b>1,656</b>	<b>(664)</b>	<b>189,756</b>	<b>359,547</b>	<b>73</b>	<b>359,620</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 2013 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 AUGUST 2013 (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			
<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)
<b>Total transactions with owners</b>	<b>11,127</b>	<b>-</b>	<b>26,945</b>	<b>(46)</b>	<b>(15,833)</b>	<b>-</b>	<b>-</b>	<b>(3,344)</b>	<b>-</b>	<b>-</b>	<b>(17,377)</b>	<b>1,472</b>	<b>-</b>	<b>1,472</b>
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>	<b>113,328</b>	<b>-</b>	<b>52,523</b>	<b>(1,716)</b>	<b>9,658</b>	<b>7,482</b>	<b>4,267</b>	<b>5,382</b>	<b>3,652</b>	<b>(819)</b>	<b>217,685</b>	<b>411,442</b>	<b>73</b>	<b>411,515</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 2013 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 2013. 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 2013.

#### **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 2013, except for adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations which are effective for financial period beginning 1 January 2013:-

##### **FRSs, Amendments to FRSs and IC Interpretations**

MFRS 10: Consolidated Financial Statements

MFRS 11: Joint Arrangements

MFRS 12: Disclosure of Interests in Other Entities

MFRS 13: Fair Value Measurement

MFRS 119: Employee Benefits (IAS 19 as amended by IASB in June 2011)

MFRS 127: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)

MFRS 128: Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)

Amendments to MFRS 1: First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)



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Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities  
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance  
Amendments to MFRS 11: Joint Arrangements: Transition Guidance  
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance  
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)  
Amendment to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)  
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

### **(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:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 12: Disclosure of Interest in Other Entities: Investment Entities	1 January 2014
Amendments to MFRS 127: Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
MFRS 7: Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

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 2013 were not subject to any audit qualification.



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## INTERIM FINANCIAL REPORT

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

During the current financial year-to-date under review, 16,122,500 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, 237,075,600 units of ICULS have been converted to 39,512,599 ordinary shares of RM0.20 each.

c) Treasury Shares

During the current financial year-to-date under review, the Company had repurchased 50,000 ordinary share or 0.01% of its issued share capital from the open market at the average price paid of RM0.91 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 563,289,548 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).





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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.

**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 (17 October 2013);**

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	108,696,480	19.29	-	-	47,463,982	-	17,346,398	-	-
GL Management Agency Sdn Bhd	84,195,960	14.94	-	-	6,581,300	-	12,838,130	-	-
Dato' Chew Ting Leng ("CTL")	-	-	108,696,480 <sup>(ii)</sup>	19.29	-	47,463,982 <sup>(ii)</sup>	-	17,346,398 <sup>(ii)</sup>	4,500,000
Dato' Goh Teoh Kean ("GTK")	-	-	84,195,960 <sup>(iii)</sup>	14.94	-	6,581,300 <sup>(iii)</sup>	-	12,838,130 <sup>(iii)</sup>	4,500,000
Tan Ang Ang ("TAA")	8,889,900	1.58	1,633,000 <sup>(iv)</sup>	0.29	600	-	1,347,240	213,000 <sup>(iv)</sup>	2,500,000
To Tai Wai ("TTW")	13,340,380	2.37	-	-	-	-	2,111,880	-	3,150,000
Datin Shum Kah Lin ("SKL")	-	-	108,696,480 <sup>(v)</sup>	19.29	-	47,463,982 <sup>(v)</sup>	-	17,346,398 <sup>(v)</sup>	-
Datin Lee Sock Kee ("LSK")	-	-	84,195,960 <sup>(vi)</sup>	14.94	-	6,581,300 <sup>(vi)</sup>	-	12,838,130 <sup>(vi)</sup>	-
Yong Yui Kiew ("YYK")	1,633,000	0.29	8,889,900 <sup>(vii)</sup>	1.58	-	600 <sup>(vii)</sup>	213,000	1,347,240 <sup>(vii)</sup>	-
<b>TOTAL</b>	<b>216,755,720</b>	<b>38.47</b>	<b>-</b>	<b>-</b>	<b>54,045,882</b>	<b>-</b>	<b>33,856,648</b>	<b>-</b>	<b>14,650,000</b>

**Notes:-**

- (i) Excluding a total of 3,352,300 treasury shares
- (ii) Deemed interested by virtue of his and his spouse SKL's interests in CTL Capital pursuant to Section 6A of the Companies Act, 1965 ("Act").
- (iii) Deemed interested by virtue of his and his spouse LSK's interests in GL Management Agency Sdn Bhd ("GL Management") pursuant to Section 6A of the Act.
- (iv) Deemed interested by virtue of his spouse YYK's direct shareholding in the Company pursuant to Section 134(12) of the Act
- (v) Deemed interested by virtue of her and her spouse CTL's interests in CTL Capital pursuant to Section 6A of the Act.
- (vi) Deemed interested by virtue of her and her spouse GTK's interests in GL Management pursuant to Section 6A of the Act.
- (vii) Deemed interested by virtue of her spouse TAA's direct shareholding in the Company pursuant to Section 134(12) of the Act.
- (viii) Only 80% of the ESOS Option is exercisable as at 17 October 2013.



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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	133,953,542	21.57	-	-
GL Management	98,130,973	15.80	-	-
CTL	4,500,000	0.72	133,953,542 <sup>(i)</sup>	21.57
GTK	4,500,000	0.72	98,130,973 <sup>(ii)</sup>	15.80
TAA	12,737,240	2.05	1,846,000 <sup>(iii)</sup>	0.30
TTW	18,602,260	3.00	-	-
SKL	-	-	138,453,542 <sup>(iv)</sup>	22.30
LSK	-	-	102,630,973 <sup>(v)</sup>	16.53
YYK	1,846,000	0.30	12,737,240 <sup>(vi)</sup>	2.05
<b>TOTAL</b>	<b>274,270,015</b>	<b>44.16</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 2013, paid on 17 April 2013</b> Single tier dividend on 1.2 sen per ordinary share of RM0.20	<b>6,096</b>	-
<b>Second interim dividend in respect of financial year ended 29 February 2012, paid on 26 March 2012</b> Single tier dividend on 1.2 sen per ordinary share of RM0.20	-	5,393
	<b>6,096</b>	5,393

**A9 Segment Information**

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

	<b>Trading of PFF 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 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					<u>(199)</u>
Profit before tax					<u>40,443</u>



## INTERIM FINANCIAL REPORT

	<b>Trading of PFF 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 2012</b>					
<b>Revenue</b>					
External Revenue	192,519	116,826	-	-	309,345
Intersegment revenue	11,135	27,325	23,915	(62,375)	-
Total revenue	203,654	144,151	23,915	(62,375)	309,345
<b>Segment Profit</b>	34,297	13,039	22,157	(24,187)	45,306
Interest income					993
Finance costs					(6,612)
Share of profit of joint venture					38
Share of profit of associate					857
Profit before tax					40,582

\* PFF : Represents pipes, fittings and flow controls.

Analysis of the Group's revenue by geographical segments:

	<b>Revenue</b>	
	<b>-- 6 months ended 31 August 2013 -- Current Year to-date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>
Generated by Malaysia operation	313,804	330,852
Generated by overseas operation	40,456	40,868
	354,260	371,720
Inter-segments elimination	(38,171)	(62,375)
	316,089	309,345

### **A10 Valuation of Property, Plant and Equipment**

Property, plant and equipment of the Group are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses.

There were no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the financial year ended 28 February 2013.



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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.

**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 August 2013**  
**RM'000**

Corporate guarantees	<u>567,098</u> *
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\* 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 2013 are as follows:

**RM'000**

Approved and contracted for	<u>2,215</u>
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Analyzed as follows:

- Property, plant and equipment	<u>2,215</u>
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## 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-2013	31-Aug-2012	31-Aug-2013	31-Aug-2012
	RM'000	RM'000	RM'000	RM'000
Trading	77,023	102,356	156,779	192,519
Manufacturing	76,803	61,758	159,310	116,826
Investment and Management	-	-	-	-
<b>Consolidated Total</b>	<b>153,826</b>	<b>164,114</b>	<b>316,089</b>	<b>309,345</b>

Business Segment	Profit Before Taxation Current Quarter		Profit Before Taxation 6 months to	
	31-Aug-2013	31-Aug-2012	31-Aug-2013	31-Aug-2012
	RM'000	RM'000	RM'000	RM'000
Trading	9,951	17,538	17,607	32,535
Manufacturing	13,044	6,738	25,213	11,414
Investment and Management	(1,078)	(1,605)	(2,377)	(3,367)
<b>Consolidated Total</b>	<b>21,917</b>	<b>22,671</b>	<b>40,443</b>	<b>40,582</b>

#### Trading Division

For the current quarter ended 31 August 2013, the trading division recorded lower external revenue of RM77.02 million (Q2FY13: RM102.36 million) and lower segment profit before tax of RM9.95 million (Q2FY13: RM17.54 million), a decrease of approximately 25% and 43% respectively.

For the 6 months ended 31 August 2013, the trading division recorded lower external revenue of RM156.78 million (6 months FY13: RM192.52 million) and lower segment profit before tax of RM17.61 million (6 months FY13: RM32.54 million), a decrease of approximately 19% and 46% respectively.

The lower revenue for the current quarter and the 6 months ended 31 August 2013 are mainly due to weaker sales demand from oil and gas sector with slower project execution, and with the increase in operating expenses and change in product mix, this translate to lower profit before tax.



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## **INTERIM FINANCIAL REPORT**

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### **Manufacturing Division**

For the current quarter ended 31 August 2013, the manufacturing division achieved higher external revenue of RM76.80 million (Q2FY13: RM61.76 million) and higher segment profit before tax of RM13.04 million (Q2FY13: RM6.74 million), an increase of approximately 24% and 93% respectively.

For the 6 months ended 31 August 2013, the manufacturing division achieved higher external revenue of RM159.31 million (6 months FY13: RM116.83 million) and higher segment profit before tax of RM25.21 million (6 months FY13: RM11.41 million), an increase of approximately 36% and 121% respectively.

The higher revenue for the current quarter and the 6 months ended 31 August 2013 are contributed by the increase in manufacturing output from all the manufacturing plants to satisfy the increase in the local and export sales demand. The increase in profit after tax corresponding the higher revenue achieved by the manufacturing division due to increase in niche products sales.

### **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 2013, the Group registered lower revenue of RM153.83 million (Q2FY13: RM164.11 million) and a lower profit before taxation of RM21.92 million (Q2FY13: RM22.67 million), a decrease of approximately 6% and 3% respectively. The weaker performance is mainly due to lower contribution from the trading division.

For the 6 months ended 31 August 2013, the Group registered higher revenue of RM316.09 million (6 months FY13: RM309.34 million), profit before tax of RM40.44 million (6 months FY13: RM40.58 million) and profit after taxation of RM29.07 million (6 months FY13: RM26.77 million). The better manufacturing division performance contributed positively to profit of the Group and offset the weaker trading division performance.

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

In the current quarter under review, the Group reported lower revenue of RM153.83 million compared to RM162.26 million recorded for preceding quarter due to weaker product demand from the trading division. Profit after taxation has increased to RM15.30 million compared to preceding quarter of RM13.76 million due to better contribution from the manufacturing division through increase in niche products sales.



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## INTERIM FINANCIAL REPORT

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### **B3 Prospects**

The Group will continue to focus and expand on its existing revenue generating businesses and seek opportunities to grow its businesses, both locally and overseas, by expanding its capacity as the major pipes, fittings and flow controls solutions provider to the oil and gas industries and related upstream and downstream industries.

With 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 and barring any unforeseen circumstances, the Group expects its overall performance for the current financial year to remain satisfactory.

### **B4 Variance on Profit Forecast/Profit Guarantee**

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

### **B5 Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31-Aug-13 RM'000</b>	<b>31- Aug-12 RM'000</b>	<b>31- Aug-13 RM'000</b>	<b>31- Aug-12 RM'000</b>
Current taxation	<b>6,066</b>	7,272	<b>11,613</b>	12,566
Transferred from / (to) deferred tax assets	<b>(493)</b>	1,592	<b>(1,384)</b>	1,845
Transferred (from) / to deferred taxation	<b>1,064</b>	(482)	<b>1,191</b>	(550)
Crystallization of deferred taxation upon depreciation of revalued assets	<b>(22)</b>	(16)	<b>(44)</b>	(44)
	<b>6,615</b>	8,366	<b>11,376</b>	13,817

Tax expense for the current quarter and financial year-to-date ended 31 August 2013 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.





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## INTERIM FINANCIAL REPORT

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### **B6 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>Secured:-</u>		
- Term loan	45	-
<u>Unsecured:-</u>		
- Term loans	12,380	68,995
- Hire purchase	3,212	6,141
- Bankers' acceptances, trust receipts and other short term loan	98,444	-
- Onshore foreign currency loan	34,845	-
	<u>148,926</u>	<u>75,136</u>

Foreign currency borrowings included above:

	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
US Dollar	10,384	34,079
SGD Dollar	<u>297</u>	<u>766</u>

### **B7 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.

### **B8 Dividends**

The Board of directors has approved and declared a second interim single tier dividend of 1.2 sen per ordinary share in respect of the financial year ending 28 February 2014 (Previous year corresponding period: 1.2 sen). The second interim dividend will be paid on 16 January 2014 to shareholders whose names appear on the Company's Record of Depositors on 26 December 2013.

The total dividend per share for the current financial year is 2.4 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 2.2 sen)



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## INTERIM FINANCIAL REPORT

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### B9 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-13	31-Aug-12	31-Aug-13	31-Aug-12
	RM'000	RM'000	RM'000	RM'000
<b>Net profit attributable to owners of the Company</b>	<b>15,302</b>	14,307	<b>29,068</b>	26,769
Weighted average number of ordinary share in issue ('000)	<b>526,598</b>	456,906	<b>526,598</b>	456,906
<b>Basic earnings per RM0.20 share (sen)</b>	<b>2.91</b>	3.13	<b>5.52</b>	5.86

#### b) Diluted Earnings Per Share

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



## INTERIM FINANCIAL REPORT

**B9 Earnings Per Share (Cont'd)**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31-Aug-13 RM'000</b>	<b>31-Aug-12 RM'000</b>	<b>31-Aug-13 RM'000</b>	<b>31-Aug-12 RM'000</b>
<b>Adjusted net profit for the period attributable to owners of the Company:</b>				
Net profit attributable to owners of the Company	<b>15,302</b>	14,307	<b>29,068</b>	26,769
Impact on income statement upon conversion of ICULS	<b>(938)</b>	(1,390)	<b>(860)</b>	(1,363)
	<b>14,364</b>	12,917	<b>28,208</b>	25,406
<b>Adjusted weighted average number of shares ('000):</b>				
Weighted average number of ordinary share in issue ('000)	<b>526,598</b>	456,906	<b>526,598</b>	456,906
Adjustment for dilutive effect on conversion of ICULS ('000)	<b>51,810</b>	114,439	<b>51,810</b>	114,439
Adjustment for dilutive effect on Exercise of Warrants ('000)	<b>31,235</b>	7,817	<b>31,235</b>	7,817
Adjustment for dilutive effect on Exercise of ESOS options ('000)	<b>27,018</b>	-	<b>27,018</b>	-
	<b>636,661</b>	579,162	<b>636,661</b>	579,162
<b>Diluted earnings per RM0.20 share (sen)</b>	<b>2.26</b>	2.23	<b>4.43</b>	4.39



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### B10 Share Buy Back

As at end of current quarter, a total of 3,352,300 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 0.512 per share.

### B11 Realized and Unrealized Profits / (Losses) disclosure

	As at 31-Aug-13	As at 28-Feb-13
	RM'000	RM'000
<b>Total unappropriated profits of Pantech and its subsidiaries:</b>		
- Realized	301,710	290,360
- Unrealized	1,271	(242)
	<b>302,981</b>	<b>290,118</b>
<b>Total share of unappropriated profits from associate company:</b>		
- Realized	2,546	2,981
- Unrealized	(4)	(25)
	<b>2,542</b>	<b>2,956</b>
<b>Total share of unappropriated profits from jointly controlled entity:</b>		
- Realized	374	348
- Unrealized	(6)	(3)
	<b>368</b>	<b>345</b>
	<b>305,891</b>	<b>293,419</b>
<b>Less: consolidation adjustments</b>	<b>(88,206)</b>	<b>(87,490)</b>
<b>Total Group unappropriated profits</b>	<b>217,685</b>	<b>205,929</b>



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## INTERIM FINANCIAL REPORT

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**B12 Notes to the Condensed Consolidated Statement of Comprehensive Income**

	<b>Quarter Ended 31-Aug-13 RM'000</b>	<b>Financial Year Ended 31-Aug-13 RM'000</b>
Interest income	143	440
Other income including investment income	52	163
Interest expense	(2,367)	(4,863)
Depreciation and amortization	(2,398)	(4,700)
Allowance for impairment and write off of receivables	(986)	(4,455)
Allowance for slow moving and write off of inventories	(240)	(337)
Gain/(loss) on disposal of quoted or unquoted investment or properties	222	145
Impairment of assets	-	-
Realised foreign exchange gain/(loss)	2,135	2,089
Unrealised foreign exchange gain/(loss)	(529)	(941)
(Loss)/Gain on derivatives	8	(19)
Exceptional items	-	-

**Date: 23<sup>rd</sup> October 2013**