



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2009

	Second Quarter		Cumulative Quarter	
	Current Year Quarter 31/08/2009 RM'000	Preceding Year Corresponding Quarter 31/08/2008 RM'000	Current Year To Date 31/08/2009 RM'000	Preceding Year Corresponding Period 31/08/2008 RM'000
Revenue	119,370	125,630	243,293	238,990
Operating Expenses	(96,086)	(99,952)	(200,390)	(189,755)
Other Operating Income	198	306	713	621
Profit from Operations	23,482	25,984	43,616	49,856
Finance Cost	(1,626)	(2,296)	(3,683)	(4,317)
Share of profit in associate company	291	361	477	641
Share of profit in joint venture company	1	31	5	82
Profit before taxation	22,148	24,080	40,415	46,262
Taxation	(7,418)	(6,193)	(12,102)	(12,663)
Profit for the period	14,730	17,887	28,313	33,599
Attributable To:				
Equity holders of the parent	14,730	17,887	28,313	33,599
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	3.94	4.77	7.57	8.96
(b) Diluted earnings per share(sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to the interim financial reports



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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2009

	UNAUDITED GROUP 31/08/2009 RM'000	AUDITED GROUP 28/02/2009 RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	60,799	54,806
Prepaid land lease payments	6,090	6,141
Investment Properties	3,040	3,040
Investment In An Associate Company	2,020	1,542
Investment In A Joint Venture Company	284	274
Other Investments	7	7
Deferred Tax Assets	1,540	1,540
	<u>73,780</u>	<u>67,350</u>
Current assets		
Inventories	150,660	202,742
Trade and Other Receivables	69,819	58,116
Amount Due from An Associate Company	64,010	47,042
Fixed Deposits	1,781	1,771
Cash and Bank Balances	33,908	32,086
	<u>320,178</u>	<u>341,757</u>
TOTAL ASSETS	<u>393,958</u>	<u>409,107</u>
EQUITY AND LIABILITIES		
Share Capital	75,000	75,000
Share Premium	16,067	16,067
Treasury Shares	(380)	(380)
Reserves	134,800	109,198
Total Equity	<u>225,487</u>	<u>199,885</u>
Non-current liabilities		
Long Term Borrowings	36,782	31,723
Deferred Taxation	3,245	3,245
	<u>40,027</u>	<u>34,968</u>
Current liabilities		
Trade and Other Payables	29,718	36,006
Overdraft and Short Term Borrowings	86,025	129,074
Amount Due to A Joint Venture Company	79	16
Tax payable	12,622	9,158
	<u>128,444</u>	<u>174,254</u>
Total Liabilities	<u>168,471</u>	<u>209,222</u>
TOTAL EQUITY AND LIABILITIES	<u>393,958</u>	<u>409,107</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.60	0.53

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to the interim financial reports



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2009

	GROUP 31/08/2009 RM'000	GROUP 31/08/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,415	46,262
Adjustments for:		
Non-cash items	7,614	5,571
Non-operating items	2,720	3,768
Operating profit before changes in working capital	50,749	55,601
Changes in working capital:-		
Net changes in current assets	16,231	(84,476)
Net changes in current liabilities	(6,014)	18,909
Net changes in bills payables	(42,532)	63,013
Cash generated from operations	18,434	53,047
Dividend paid	(2,994)	-
Dividend received	345	-
Interest paid	(3,173)	(3,882)
Interest received	108	114
Tax paid	(7,211)	(5,372)
Net cash generated from operating activities	5,509	43,907
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,190)	(4,483)
Proceeds from disposal of property, plant and equipment	2	154
Net cash used in investing activities	(7,188)	(4,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	4,861	-
Repayment of borrowings	(1,633)	(1,430)
Net cash generated from/(used in) financing activities	3,228	(1,430)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,549	38,148
EFFECT OF EXCHANGE RATE CHANGES	283	159
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	33,857	4,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	35,689	43,213

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 28 February 2009 and the accompanying explanatory notes attached to the interim financial reports.



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2009**

	← Attributable to Equity Holder of the Parent →					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Reserve RM'000	Treasury Shares RM'000	Unappropriated Profit RM'000			
Balance as at 1 March 2008	75,000	16,067	12	-	55,395	146,474	-	146,474
Currency translation differences	-	-	159	-	-	159	-	159
Net profit for the period	-	-	-	-	33,599	33,599	-	33,599
Balance as at 31 August 2008	<u>75,000</u>	<u>16,067</u>	<u>171</u>	<u>-</u>	<u>88,994</u>	<u>180,232</u>	<u>-</u>	<u>180,232</u>
Balance as at 1 March 2009	75,000	16,067	147	(380)	109,051	199,885	-	199,885
Currency translation differences	-	-	283	-	-	283	-	283
Net profit for the period	-	-	-	-	28,313	28,313	-	28,313
Interim dividend paid to shareholders	-	-	-	-	(2,994)	(2,994)	-	(2,994)
Balance as at 31 August 2009	<u>75,000</u>	<u>16,067</u>	<u>430</u>	<u>(380)</u>	<u>134,370</u>	<u>225,487</u>	<u>-</u>	<u>225,487</u>

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 2009 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

A. NOTES TO THE INTERIM FINANCIAL REPORT

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 FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 28 February 2009. 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 2009.

(a) Adoption of New and Revised Financial Reporting Standards

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted by the Group in the audited financial statements for the financial year ended 28 February 2009.

(b) The following are the standards and IC Interpretations that not yet effective and has not been early adopted by the Company:-

- 1) FRS 139 - Financial Instruments: Recognition and Measurement
- 2) FRS 4 – Insurance Contracts
- 3) FRS 7 – Financial Instruments: Disclosures
- 4) FRS 8 – Operating Segments
- 5) IC Interpretation 9 – Reassessment of Embedded Derivatives
- 6) IC Interpretation 10 – Interim Financial Reporting and Impairment

The above standards and IC Interpretations shall be effective for accounting period beginning on or after 1 January 2010 except for FRS 8 - Operating Segments, which shall apply to accounting period beginning on or after 1 July 2009.



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A2 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 2009 were not subject to any audit qualification.

A3 Seasonal or cyclical factors

The Group's business operations were not affected by any seasonal or cyclical factors.

A4 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.

A5 Material changes in estimates

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

A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current quarter under review.

A7 Dividend Paid

	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Special Second Interim dividend in respect of financial year ended 28 February 2009, paid on 12 May 2009		
- Single tier dividend of 0.8 sen per ordinary share of RM0.20	2,994	-
	2,994	-

Subsequent to the interim financial period ended 31 August 2009, the company had on 15 September 2009 paid a final single tier dividend of 1.00 sen per ordinary share of RM0.20 each in respect of financial year ended 28 February 2009 amounting to RM 3.747 million.



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A8 Segment Information

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

	Revenue		Profit before tax	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Trading of PFF*	234,301	205,975	39,526	39,529
Manufacturing of pipe fittings	29,159	48,614	3,818	9,869
Investments and management	6,155	1,501	5,258	546
	269,615	256,090	48,602	49,944
Inter-segments elimination	(26,322)	(17,100)	(5,094)	(202)
	243,293	238,990	43,508	49,742
Unallocated expenses			-	-
			43,508	49,742
Interest income			108	114
Finance cost			(3,683)	(4,317)
Share of profit in associate			477	641
Share of profit in joint venture			5	82
			40,415	46,262

* PFF : Represents pipes, fittings and flow controls

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	238,510	235,889
Generated by overseas operation	31,105	20,201
	269,615	256,090
Inter-segments elimination	(26,322)	(17,100)
	243,293	238,990

A9 Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment brought forward from the preceding audited financial statements for the year ended 28 February 2009.



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A10 Material events subsequent to the end of the interim period

On 6th October 2009 the Company had announced that Pantech Corporation Sdn Bhd, a wholly-owned subsidiary of the Company has acquired one lot of industrial land distinguished as PLO No. 809, Zone 12B, Pasir Gudang Industrial Area in the Mukim of Plentong and is estimated to contain an area of 20.656 acres with purchase consideration of RM 12,854,505.00.

Other than the above, 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.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

Subsequent to the interim financial period ended 31 August 2009, the Company had on 5th October 2009 acquired 100% equity interest comprising of 2 ordinary shares of RM 0.50 each in Pantech Klad Manufacturing Sdn Bhd for a total cash consideration of RM1.00.

A12 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 for its subsidiaries:-

	31 August 2009
	RM'000
Corporate guarantees	<u>425,611</u>

A13 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 31 August 2009 are as follows:

	RM'000
Approved and contracted for	<u>4,453</u>
Analyzed as follows:	
- Property, plant and equipment	<u>4,453</u>



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

B1 Review of Performance

For the six months ended 31 August 2009, the Group's revenue slightly increased by 1.8% from RM238.99 million to RM243.29 million. Despite comparable revenue achieved, the Group posted a lower profit before taxation of RM40.41 million (FY09 1st half: RM46.26 million) and profit after taxation of RM28.31 million (FY09 1st half: RM33.59 million). The lower profit after taxation was mainly attributed to changes in product mix from the trading division and lower contribution from manufacturing division.

For the current quarter under review with comparison to last year corresponding quarter, the Group registered lower revenue of RM119.37 million (FY09Q2: RM125.63 million). In line with the lower revenue, the group posted a lower profit after taxation of RM 14.73 million (FY09Q2: RM 17.88 million).

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported lower revenue of RM119.37 million compared to RM123.92 million recorded for preceding quarter. Despite lower revenue recorded, the group registered a higher profit after taxation of RM14.73 million compared to preceding quarter of RM 13.58 million, due mainly to lower operational cost as a result of diligent cost controls by the management.

B3 Prospects

Economic conditions continue to be weak for the first half of the year albeit the sharp rate of economic decline has abated. While there are signs of economic recovery, the recovery process is not expected to be smooth or easy. Therefore, the Board will continue its cautious approach undertaken to monitor, mitigate and respond to any negative economic headwinds through diligent administration of operational cost controls and cash flows.

Given the clouded economic outlook, the Board foresees this financial year will be a challenging year for the Group. Barring any unforeseen circumstances, the Board believes that the performance of the Group for current financial year will be in line with the overall performance of the oil and gas fabrication and other service sectors while the long term outlook of the oil and gas industry continues to be positive.

B4 Variance on Profit Forecast/Profit Guarantee

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



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B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-August-09 RM'000	31-August-08 RM'000	31-August-09 RM'000	31-August-08 RM'000
Current taxation	7,418	6,633	12,102	13,103
Over provision in prior year	-	(440)	-	(440)
	<u>7,418</u>	<u>6,193</u>	<u>12,102</u>	<u>12,663</u>

Tax expense for the current quarter and financial year to-date ended 31 August 2009 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 Profit on sale of unquoted investments and/or properties

There is no sale of unquoted investment and/or properties for the current quarter and financial year to-date under review.

B7 Quoted securities

There were no purchases or disposals of quoted securities during the financial quarter under review and financial year to-date.

B8 Status of corporate proposals

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

B9 Group borrowings and debt securities

The Group's borrowings as at the end of the reporting quarter are as follows:-

	Current RM'000	Non-current RM'000
<u>Unsecured:-</u>		
- Term loans	2,700	14,544
- Hire purchase	961	2,238
- Bankers' acceptances, trust receipts and other short term loan	71,246	-
- Collateralised loan obligations	863	20,000
- Onshore foreign currency loan	10,255	-
	<u>86,025</u>	<u>36,782</u>



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B10 Off Balance Sheet Financial Instruments

As at end of current quarter, the Group has the amount of forward exchange contracts with licensed banks as hedges for sales amounted to RM1.2 million. The settlement periods for these contracts are within a month.

B11 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 does not know 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.

B12 Dividends

The Board of directors has approved and declared an interim single tier dividend of 1.0 sen per ordinary share and a special interim single tier dividend of 0.5 sen per ordinary share of RM0.20 each in respect of the financial year ending 28 February 2010 (Previous year corresponding period: single tier dividend of 1.0 sen per ordinary share and a special interim single tier dividend of 0.2 sen per ordinary share of RM 0.20 each). The interim dividend will be paid on 8th January 2010 to shareholders whose names appear on the Company's Record of Depositors on 15th December 2009.

The total dividend per share for the current financial year is 1.5 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 1.2 sen single tier dividend per ordinary share of RM 0.20 each)



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B13 Earnings Per Share (Sen)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-August-09 RM'000	31-August-08 RM'000	31-August-09 RM'000	31-August-08 RM'000
Basic earnings per share				
Net profit attributable to shareholders	14,730	17,887	28,313	33,599
Weighted average number of shares at the end of period ('000)	374,179	375,000	374,179	375,000
Basic earnings per RM0.20 share (sen)	3.94	4.77	7.57	8.96
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

B14 Share Buy Back

There was no purchase, sale or cancellation of treasury shares during the quarter under review.

As at end of current quarter, a total of 820,800 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 0.463 per share.

Date: 9th October 2009