



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 28 FEBRUARY 2010

	Fourth Quarter		Cumulative Quarter	
	Current Year Quarter 28/2/2010 RM'000	Preceding Year Corresponding Quarter 28/2/2009 RM'000	Current Year To Date 28/2/2010 RM'000	Preceding Year Corresponding Period 28/2/2009 RM'000
Revenue	66,519	139,765	402,031	511,595
Operating Expenses	(54,301)	(124,611)	(330,385)	(422,754)
Other Operating Income	397	557	1,553	1,499
Profit from Operations	12,615	15,711	73,199	90,340
Finance Cost	(1,501)	(2,894)	(6,754)	(9,835)
Share of (loss)/profit in associate company	(275)	123	349	1,396
Share of (loss)/profit in joint venture company	(10)	(7)	42	100
Profit before taxation	10,829	12,933	66,836	82,001
Taxation	(538)	(2,325)	(16,483)	(20,542)
Profit for the period	10,291	10,608	50,353	61,459
Attributable To:				
Equity holders of the parent	10,291	10,608	50,353	61,459
Minority interest	-	-	-	-
	10,291	10,608	50,353	61,459
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	2.75	2.84	13.46	16.43
(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

**PANTECH GROUP HOLDINGS BERHAD**Company No. 733607 W
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2010**

	UNAUDITED GROUP 28/2/2010 RM'000	AUDITED GROUP 28/02/2009 RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	58,322	54,806
Prepaid land lease payments	18,894	6,141
Investment Properties	3,040	3,040
Investment In An Associate Company	1,771	1,542
Investment In A Joint Venture Company	319	274
Other Investments	7	7
Deferred Tax Assets	2,719	1,540
	<u>85,072</u>	<u>67,350</u>
Current assets		
Inventories	153,689	202,742
Trade and Other Receivables	47,344	58,116
Amount Due from An Associate Company	41,342	47,042
Fixed Deposits	10,330	1,771
Cash and Bank Balances	52,290	32,086
	<u>304,995</u>	<u>341,757</u>
TOTAL ASSETS	<u><u>390,067</u></u>	<u><u>409,107</u></u>
EQUITY AND LIABILITIES		
Share Capital	75,000	75,000
Share Premium	16,067	16,067
Treasury Shares	(380)	(380)
Reserves	141,661	109,198
Equity attributable to equity holders of the parent	<u>232,348</u>	199,885
Minority Interest	#	-
Total Equity	<u>232,348</u>	199,885
Non-current liabilities		
Long Term Borrowings	22,454	31,723
Deferred Taxation	3,522	3,245
	<u>25,976</u>	<u>34,968</u>
Current liabilities		
Trade and Other Payables	23,250	36,006
Overdraft and Short Term Borrowings	97,071	129,074
Amount Due to A Joint Venture Company	79	16
Tax payable	5,731	9,158
Dividend Payable	5,612	-
	<u>131,743</u>	<u>174,254</u>
Total Liabilities	<u>157,719</u>	209,222
TOTAL EQUITY AND LIABILITIES	<u><u>390,067</u></u>	<u><u>409,107</u></u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.62	0.53

Note: # RM 1.00

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

**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 FEBRUARY 2010**

	GROUP 28/2/2010 RM'000	GROUP 28/2/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	66,836	82,001
Adjustments for:		
Non-cash items	4,965	21,167
Non-operating items	5,753	8,645
Operating profit before changes in working capital	77,554	111,813
Changes in working capital:-		
Net changes in current assets	63,690	(105,626)
Net changes in current liabilities	(12,254)	13,256
Net changes in bills payables	(54,697)	46,961
Cash generated from operations	74,293	66,404
Dividend paid	(12,347)	(7,803)
Dividend received	-	48
Interest paid	(6,151)	(9,069)
Interest received	398	376
Tax paid	(19,385)	(15,964)
Net cash generated from operating activities	36,808	33,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from minority interest on subscription of shares	#	-
Purchase of property, plant and equipment	(7,340)	(5,968)
Purchase of prepaid land lease payment	(12,855)	(3,950)
Proceeds from disposal of property, plant and equipment	67	171
Capital work-in-progress incurred	-	(3,798)
Net cash used in investing activities	(20,128)	(13,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares buy back	-	(380)
Drawdown of borrowings	15,467	11,819
Repayment of borrowings	(3,453)	(3,053)
Net cash generated from financing activities	12,014	8,386
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,694	28,833
EFFECT OF EXCHANGE RATE CHANGES	69	118
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	33,857	4,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	62,620	33,857

Note: # RM 1.00

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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2010**

	← Attributable to Equity Holder of the Parent →						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	Total RM'000		
Balance as at 1 March 2008	75,000	16,067	11	-	55,395	146,473	-	146,473
Buy back of shares	-	-	-	(380)	-	(380)	-	(380)
Currency translation differences	-	-	136	-	-	136	-	136
Net profit for the period	-	-	-	-	61,459	61,459	-	61,459
Final dividend paid to shareholders	-	-	-	-	(3,307)	(3,307)	-	(3,307)
Interim dividend paid to shareholders	-	-	-	-	(4,496)	(4,496)	-	(4,496)
Balance as at 28 February 2009	<u>75,000</u>	<u>16,067</u>	<u>147</u>	<u>(380)</u>	<u>109,051</u>	<u>199,885</u>	<u>-</u>	<u>199,885</u>
Balance as at 1 March 2009	75,000	16,067	147	(380)	109,051	199,885	-	199,885
Incorporation of subsidiary company	-	-	-	-	-	-	#	#
Currency translation differences	-	-	69	-	-	69	-	69
Net profit for the period	-	-	-	-	50,353	50,353	-	50,353
Interim dividend paid to shareholders	-	-	-	-	(8,606)	(8,606)	-	(8,606)
Final dividend paid to shareholders	-	-	-	-	(3,741)	(3,741)	-	(3,741)
Second interim dividend payable to shareholders	-	-	-	-	(5,612)	(5,612)	-	(5,612)
Balance as at 28 February 2010	<u>75,000</u>	<u>16,067</u>	<u>216</u>	<u>(380)</u>	<u>141,445</u>	<u>232,348</u>	<u>-</u>	<u>232,348</u>

Note: # RM 1.00

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:-

FRSs and IC Interpretations

Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards
FRS 1 (#)	- First-time Adoption of Financial Reporting Standards
Amendment to FRS 1 (*)	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 2	- Share-based Payment
Amendments to FRS 2 (#)	- Share-based Payment
FRS 3 (#)	- Business Combinations
FRS 4	- Insurance Contracts
Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations
Amendments to FRS 5 (#)	- Non-Current Assets Held for Sale and Discontinued Operations
FRS 7	- Financial Instruments: Disclosures
Amendment to FRS 7	- Financial Instruments: Disclosures
Amendment to FRS 7 (*)	- Improving Disclosures about Financial Instruments
FRS 8	- Operating Segments
Amendment to FRS 8	- Operating Segments



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FRS 101	- Presentation of Financial Statement (Revised)
Amendment to FRS 107	- Statement of Cash Flows
Amendment to FRS 108	- Accounting Policies, Changes in Accounting Estimates And Errors
Amendment to FRS 110	- Events After the Reporting Period
Amendment to FRS 116	- Property, Plant and Equipment
Amendment to FRS 117	- Leases
Amendment to FRS 118	- Revenue
Amendment to FRS 119	- Employee Benefits
Amendment to FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	- Borrowing Costs
Amendment to FRS 123	- Borrowing Costs
Amendment to FRS 127	- Consolidated and Separate Financial Statements
FRS 127 (#)	- Consolidated and Separate Financial Statements
Amendment to FRS 128	- Investments in Associates
Amendment to FRS 129	- Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	- Interest in Joint Ventures
Amendments to FRS 132	- Financial Instruments: Presentation
Amendments to FRS 132	- Financial Instruments: Presentation
Amendments to FRS 132 (^)	- Financial Instruments: Presentation
Amendment to FRS 134	- Interim Financial Reporting
Amendment to FRS 136	- Impairment of Assets
Amendments to FRS 138	- Intangible Assets
Amendments to FRS 138 (#)	- Intangible Assets
FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 139	- Financial Instruments: Recognition and Measurement
Amendment to FRS 140	- Investment Property
IC Interpretation 9	- Reassessment of Embedded Derivatives
Amendments to IC Interpretation 9 (#)	- Reassessment of Embedded Derivatives
IC Interpretation 10	- Interim Financial Reporting and Impairment
IC Interpretation 11	- FRS 2 – Group and Treasury Share Transactions
IC Interpretation 12 (#)	- Service Concession Arrangements
IC Interpretation 13	- Customer Loyalty Programmes
IC Interpretation 14	- FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Interpretation 15 (#)	- Agreements for the Construction of Real Estate
IC Interpretation 16 (#)	- Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 (#)	- Distributions of Non-Cash Assets to Owners



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All the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8 and those marked with (^), (#) and (*) which will be applicable to accounting period beginning on or after 1 July 2009, 1 March 2010, 1 July 2010 and 1 January 2011 respectively. Existing FRS1, FRS3, FRS127 as well as FRS201₂₀₀₄ will be withdrawn upon adoption of new requirements effective from 1 July 2010.

FRS 1, 4, 129, IC Interpretation 9, 12, 13, 15, 16 and 17 are not expected to be relevant to operations of the Group and the other FRSs, amendments to FRS, and IC Interpretations will be adopted in the annual financial statements of the Group and of the Company for the financial year commencing 1 March 2010 and adoption of these revised FRSs. Amendments to FRS and IC Interpretations will have no material impact on financial statements of the Group and the Company in the period of initial application.

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.



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A7 Dividend Paid

	Current Year To-date RM'000	Preceding Year Corresponding Period RM'000
Interim dividend in respect of financial year ended 28 February 2010, paid on 8 January 2010 - Single tier dividend of 1.5 sen per ordinary share of RM0.20	5,612	
Final dividend in respect of financial year ended 28 February 2009, paid on 15 September 2009 - Single tier dividend of 1.0 sen per ordinary share of RM0.20	3,741	
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	
Interim dividend in respect of financial year ended 28 February 2009, paid on 13 January 2009 - Single tier dividend of 1.2 sen per ordinary share of RM0.20		4,496
Final dividend in respect of financial year ended 29 February 2008, paid on 19 September 2008 - Single tier dividend of 0.66 sen per ordinary share of RM0.20 - Franked dividend of 0.30 sen per ordinary share of RM0.20 less 26% income tax		2,475 832
	12,347	7,803

Subsequent to the financial period ended 28 February 2010, the company had on 20th April 2010 paid a Special Second Interim single tier dividend of 1.5 sen per ordinary share of RM0.20 each in respect of financial year ended 28th February 2010 amounting to RM 5.612 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*	363,551	428,598	67,254	73,537
Manufacturing of pipe fittings	64,275	116,300	6,220	16,577
Investments and management	22,000	20,626	20,072	19,288
	449,826	565,524	93,546	109,402
Inter-segments elimination	(47,795)	(53,929)	(20,745)	(19,437)
	402,031	511,595	72,801	89,965
Unallocated expenses			-	-
			72,801	89,965
Interest income			398	375
Finance cost			(6,754)	(9,835)
Share of profit in associate			349	1,396
Share of profit in joint venture			42	100
			66,836	82,001

* 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	406,665	510,082
Generated by overseas operation	43,161	55,442
	449,826	565,524
Inter-segments elimination	(47,795)	(53,929)
	402,031	511,595

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.

A10 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.



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A11 Changes in the composition of the Group

During the current quarter under review, the company had on 22nd February 2010 incorporated a subsidiary company - Pantech International (KSA) Sdn Bhd with an authorized capital of RM10,000,000 ordinary shares of RM1.00 each of which RM100,000 ordinary shares have been issued and fully paid-up. The group is holding 90% equity of Pantech International (KSA) Sdn Bhd.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

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 credit facilities granted to its subsidiaries:-

	28 February 2010
	RM'000
Corporate guarantees	<u>503,341</u>

A13 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 28 February 2010 are as follows:

	RM'000
Approved and contracted for	<u>31,274</u>
Analyzed as follows:	
- Property, plant and equipment	<u>31,274</u>



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

B1 Review of Performance

For the full year ended 28 February 2010, the Group registered lower revenue of RM402 million (FYE09: RM511 million) due mainly to lower sales volume from trading and manufacturing division. In line with the lower revenue achieved, the Group posted a lower profit before taxation of RM66.8 million (FYE09: RM82 million) and profit after taxation of RM50.3 million (FYE09: RM61.5 million).

For the current quarter under review with comparison to last year corresponding quarter, the Group registered lower revenue of RM66.5 million (FY09Q4: RM139.76 million) due mainly to lower sales volume from trading and manufacturing division. Despite lower revenue achieved, the Group posted comparable profit after tax of RM 10.3 million (FY09Q4: RM10.6 million), due to write back of certain allowance for write down of inventories which was provided for in the last financial year.

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported lower revenue of RM66.5 million compared to RM92.2 million recorded for preceding quarter due mainly to lower sales volume from trading division. In line with the lower revenue recorded and including the write back of allowance for write down of inventories made in the current quarter, the group posted a comparable profit after taxation of RM10.3 million compared to preceding quarter of RM11.7 million.

B3 Prospects

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

Barring any unforeseen circumstances, the Group is optimistic that its performance and outlook will continue be favorable for the next financial year while the long term outlook of the oil and gas industries 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
	28-Feb-10 RM'000	28-Feb-09 RM'000	28-Feb-10 RM'000	28-Feb-09 RM'000
Current taxation	1,440	2,757	17,476	21,553
(Over)/Under provision in prior year	-	154	(91)	(425)
Transferred to deferred taxation	277	309	277	309
Transferred to deferred tax assets	(1,179)	(895)	(1,179)	(895)
	<u>538</u>	<u>2,325</u>	<u>16,483</u>	<u>20,542</u>

Tax expense for the current quarter and financial year to-date ended 28 February 2010 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 quarter and current financial year to-date is lower than the statutory rate mainly due to recognition of deferred assets in the current quarter.

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

The Group had on 23 November 2009 announced that the Group is proposing to undertake the proposed Employee Share Option Scheme ("Proposed ESOS") of up to fifteen per centum (15%) of the issued and paid up share capital (excluding treasury shares) of the Company at any point in time, for the Directors (including Non-Executive Directors) as well as the employees of Pantech Group.

The Group has obtained approval from Bursa Malaysia Securities Berhad for the Proposed ESOS vide its letter dated 12 January 2010, and has also obtained shareholders' approval at the Extraordinary General Meeting held on 10 February 2010.

The ESOS has been fully implemented on 3rd March 2010.



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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	5,053	20,933
- Hire purchase	983	1,521
- Bankers' acceptances, trust receipts and other short term loan	60,995	-
- Collaterised loan obligations	20,836	-
- Onshore foreign currency loan	9,204	-
	<u>97,071</u>	<u>22,454</u>

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 RM8million. The settlement periods for these contracts are within three months.

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

a) The Board is proposing for the shareholders' approval at the forthcoming Annual General Meeting, a final single tier dividend of 1.2 sen per ordinary share of RM0.20 each amounting to RM 4.5 million for the financial year ended 28 February 2010. The detail of book closure date and payment date will be announced later.

The final dividend for the previous financial year ended 28 February 2009 was single tier dividend of 1.0 sen per ordinary share of RM0.20 each.

b) The total dividend per share for the current financial year is 4.2 sen single tier dividend per ordinary share of RM 0.20 each. (FYE 28 February 2009: 3.0 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
	28-Feb-10 RM'000	28-Feb-09 RM'000	28-Feb-10 RM'000	28-Feb-09 RM'000
Basic earnings per share				
Net profit attributable to shareholders	10,291	10,608	50,353	61,459
Weighted average number of shares at the end of period ('000)	374,179	374,179	374,179	374,179
Basic earnings per RM0.20 share (sen)	2.75	2.84	13.46	16.43
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: 26th April 2010