



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2008

	Third Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2008 RM'000	Preceding Year Corresponding Quarter 30/11/2007 RM'000	Current Year To Date 30/11/2008 RM'000	Preceding Year Corresponding Period 30/11/2007 RM'000
Revenue	132,840	77,268	371,830	237,627
Operating Expenses	(108,387)	(65,426)	(298,143)	(200,673)
Other Operating Income	321	1,300	942	2,210
Profit from Operations	24,774	13,142	74,629	39,164
Finance Cost	(2,624)	(2,011)	(6,941)	(5,382)
Share of profit in associate company	632	12	1,273	18
Share of profit in joint venture company	25	12	107	51
Profit before taxation	22,807	11,155	69,068	33,851
Taxation	(5,555)	(2,077)	(18,217)	(7,946)
Profit for the period	17,252	9,078	50,851	25,905
Attributable To:				
Equity holders of the parent	17,252	9,078	50,851	25,905
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	4.60	2.42	13.57	6.91
(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 29 February 2008 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 30 NOVEMBER 2008**

	UNAUDITED GROUP 30/11/2008 RM'000	AUDITED GROUP 29/02/2008 RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	54,538	48,520
Prepaid land lease payments	6,167	2,270
Investment Properties	3,040	3,040
Investment In An Associate Company	1,420	147
Investment In A Joint Venture Company	281	167
Other Investments	7	2,007
Capital work-in-progress	681	787
Deferred Tax Assets	645	645
	<u>66,779</u>	<u>57,583</u>
Current assets		
Inventories	206,429	140,829
Trade and Other Receivables	77,723	69,827
Amount Due from An Associate Company	36,006	4,032
Fixed Deposits	7,738	1,705
Cash and Bank Balances	28,760	3,995
	<u>356,656</u>	<u>220,388</u>
TOTAL ASSETS	<u>423,435</u>	<u>277,971</u>
EQUITY AND LIABILITIES		
Share Capital	75,000	75,000
Share Premium	16,067	16,067
Treasury Shares	(79)	-
Reserves	103,156	55,407
Total Equity	<u>194,144</u>	<u>146,474</u>
Non-current liabilities		
Long Term Borrowings	33,277	28,796
Deferred Taxation	2,936	2,934
	<u>36,213</u>	<u>31,730</u>
Current liabilities		
Trade and Other Payables	31,003	20,545
Overdraft and Short Term Borrowings	149,779	76,383
Amount Due to A Joint Venture Company	69	229
Tax payable	12,227	2,610
	<u>193,078</u>	<u>99,767</u>
Total Liabilities	<u>229,291</u>	<u>131,497</u>
TOTAL EQUITY AND LIABILITIES	<u>423,435</u>	<u>277,971</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.52	0.39

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to the interim financial reports



INTERIM FINANCIAL REPORT

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 NOVEMBER 2008

	GROUP 30/11/2008 RM'000	GROUP 30/11/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	69,068	33,851
Adjustments for:		
Non-cash items	7,104	2,290
Non-operating items	5,991	4,476
Operating profit before changes in working capital	82,163	40,617
Changes in working capital:-		
Net changes in current assets	(108,455)	(39,975)
Net changes in current liabilities	10,291	2,658
Net changes in bills payables	73,972	10,957
Cash generated from operations	57,971	14,257
Dividend paid	(3,308)	(3,285)
Dividend received	48	-
Interest paid	(6,298)	(5,065)
Interest received	259	589
Tax paid	(8,559)	(6,418)
Net cash generated from operating activities	40,113	78
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,994)	(10,798)
Purchase of prepaid land lease payment	(3,950)	-
Proceeds from disposal of property, plant and equipment	170	2,157
Net cash used in investing activities	(12,774)	(8,641)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares buy back	(79)	-
Drawdown of borrowings	6,138	3,047
Repayment of borrowings	(2,012)	(1,819)
Net cash generated from financing activities	4,047	1,228
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	31,386	(7,335)
EFFECT OF EXCHANGE RATE CHANGES	206	38
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,906	31,628
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	36,498	24,331

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 29 February 2008 and the accompanying explanatory notes attached to the interim financial reports.



INTERIM FINANCIAL REPORT

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2008**

	← 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 2007	75,000	16,067	14	-	26,758	117,839	-	117,839
Currency translation differences	-	-	38	-	-	38	-	38
Net profit for the period	-	-	-	-	25,905	25,905	-	25,905
Final dividend paid to shareholders	-	-	-	-	(3,285)	(3,285)	-	(3,285)
Balance as at 30 November 2007	75,000	16,067	52	-	49,378	140,497	-	140,497
Balance as at 1 March 2008	75,000	16,067	12	-	55,395	146,474	-	146,474
Buy back of shares	-	-	-	(79)	-	(79)	-	(79)
Currency translation differences	-	-	206	-	-	206	-	206
Net profit for the period	-	-	-	-	50,851	50,851	-	50,851
Final dividend paid to shareholders	-	-	-	-	(3,308)	(3,308)	-	(3,308)
Balance as at 30 November 2008	75,000	16,067	218	(79)	102,938	194,144	-	194,144

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 2008 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 29 February 2008. 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 2008.

(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 29 February 2008. The Group has adopted the following applicable new and revised Financial Reporting Standards (“FRS”) for financial period beginning 1 March 2008:-

- | | |
|-------------------------------|---|
| 1) Amendment to FRS121 | - The Effects of Changes in Foreign Exchange Rates
- Net Investment in a Foreign Operation |
| 2) FRS 107 | - Cash Flow Statements |
| 3) FRS 112 | - Income Taxes |
| 4) FRS 118 | - Revenue |
| 5) FRS 137 | - Provision, Contingent Liabilities and Contingent Assets |

The adoption of the above Amendments and FRSs does not have any material impact on the financial statements of the Group and of the Company.



INTERIM FINANCIAL REPORT

(b) New FRS and IC Interpretations Issued but Not Adopted

The following FRS and IC Interpretations which are effective for financial period beginning on or after 1 July 2007 are not applicable to the Group:-

- | | | |
|----|----------------------------|--|
| 1) | IC Interpretation 1 | - Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 2) | IC Interpretation 2 | - Members' Shares in Co-operative Entities and Similar Instruments |
| 3) | IC Interpretation 5 | - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 4) | IC Interpretation 6 | - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electrical and Electronic Equipment |
| 5) | IC Interpretation 7 | - Applying the Restatement Approach under FRS129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies |
| 6) | IC Interpretation 8 | - Scope of FRS2 |
| 7) | FRS 111 | - Construction Contracts |
| 8) | FRS 120 | - Accounting for Government Grants and Disclosure of Government Assistance |

(c) Deferred FRS 139 – Financial Instruments: Recognition and Measurement

The above standard will be effective for accounting period beginning on or after 1 January 2010.

A2 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 2008 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.



INTERIM FINANCIAL REPORT

A6 Debt and equity securities

During the current financial year-to-date, the Company has repurchased 135,500 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM 0.586 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965.

Other than the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company for the current financial period ended 30 November 2008.

A7 Dividend Paid

	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
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	2,475	
- Franked dividend of 0.30 sen per ordinary share of RM0.20 less 26% income tax	833	
Final dividend in respect of financial year ended 28 February 2007, paid on 17 September 2007		
- Franked dividend of 3 sen per ordinary share of RM0.50 Less 27% income tax		3,285
	3,308	3,285



INTERIM FINANCIAL REPORT

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 ----- 9 months ended 30 November 2008 -----		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*	313,631	198,095	60,520	26,990
Manufacturing of pipe fittings	82,142	54,845	13,549	11,224
Investments and management	8,770	5,185	7,420	3,909
	404,543	258,125	81,489	42,123
Inter-segments elimination	(32,713)	(20,498)	(7,119)	(3,549)
	371,830	237,627	74,370	38,574
Unallocated expenses			-	-
			74,370	38,574
Interest income			259	590
Finance cost			(6,941)	(5,382)
Share of profit in associate			1,273	18
Share of profit in joint venture			107	51
			69,068	33,851

* PFF : Represents pipes, fittings and flow controls

Analysis of the Group's revenue by geographical segments:

	Revenue ---- 9 months ended 30 November 2008 ----	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	361,155	228,568
Generated by overseas operation	43,388	29,557
	404,543	258,125
Inter-segments elimination	(32,713)	(20,498)
	371,830	237,627



INTERIM FINANCIAL REPORT

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 29 February 2008.

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.

A11 Changes in the composition of the Group

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 its subsidiaries:-

	30 November 2008
	RM'000
Corporate guarantees	<u>446,517</u>

A13 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2008 are as follows:

	RM'000
Approved and contracted for	1,999
Approved but not contracted for	<u>5,223</u>
	<u>7,222</u>
Analyzed as follows:	
- Property, plant and equipment	<u>7,222</u>



INTERIM FINANCIAL REPORT

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

B1 Review of Performance

For the nine months ended 30 November 2008, the Group's revenue increased by 56% from RM237.6 million to RM371.8 million. In line with the revenue recorded, the Group posted higher profit before taxation of RM69 million (FY08 same period: RM33.9 million) and higher profit after taxation of RM50.85 million (FY08 same period: RM25.9 million), an increase of 104% and 96% respectively.

For the current quarter under review with comparison to last year corresponding quarter, the Group registered higher revenue of RM132.84 million (FY08Q3: RM77.27 million) and higher profit after taxation of RM17.25 million (FY08Q3: RM9.08 million), an increase of 72% and 90% respectively.

The better performance for the nine months and current quarter ended 30 November 2008 with comparison to last year corresponding period is mainly attributed to the higher manufacturing output, higher sales volume, better product mix from the trading division and contribution from overseas operation.

B2 Variation of results against preceding quarter

In the current quarter under review, The Group's revenue increased marginally from RM126 million to RM132.84 million. In tandem with the revenue achieved, the Group registered a comparable profit after taxation of RM17.25 million as compared to RM17.89 million in the preceding quarter.

B3 Prospects

The recent slowdown in the global economies has affected the demand and prices for general steel products. However, demand and prices for high yield and specialized steel products from the oil and gas and related industries remain resilient with ongoing projects, and their repair and maintenance requirements for equipment and facilities.

In view of the above, the Board believes that the Group will continue to benefit from the current active onshore and offshore oil and gas exploration and related activities in Malaysia and overseas where the continuous capital spending in the upstream oil and gas is expected.

Barring any unforeseen circumstances, the Board is confident that the Group is positive with its outlook and prospect for the financial year ending 28 February 2009 with the strong first 9 months results achieved.



INTERIM FINANCIAL REPORT

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 30-Nov-08 RM'000	Preceding Year Corresponding Quarter 30-Nov-07 RM'000	Current Year To Date 30-Nov-08 RM'000	Preceding Year Corresponding Period 30-Nov-07 RM'000
Current taxation	5,694	2,401	18,796	8,270
Over provision in prior year	(139)	(324)	(579)	(324)
	<u>5,555</u>	<u>2,077</u>	<u>18,217</u>	<u>7,946</u>

Tax expense for the current quarter and financial year to-date ended 30 November 2008 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.



INTERIM FINANCIAL 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	2,315	11,552
- Hire purchase	1,161	1,725
- Bankers' acceptances, trust receipts and other short term loan	116,014	-
- Collateralised loan obligations	418	20,000
- Onshore foreign currency loan	29,871	-
	<u>149,779</u>	<u>33,277</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 RM31.3 million. The settlement periods for these contracts are ranging from one to eight 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

The Board of directors has approved and declared a special second interim single tier dividend of 0.8 sen per ordinary share of RM0.20 each in respect of the financial year ending 28 February 2009 (Previous year corresponding quarter: NIL). The special second interim dividend will be paid on 12th May 2009 to shareholders whose names appear on the Company's Record of Depositors on 24th April 2009.

The total dividend per share for the current financial year is 2.0 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 2.0 sen franked dividend per ordinary share of RM 0.50 each less 26% income tax)



INTERIM FINANCIAL REPORT

B13 Earnings Per Share (Sen)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30-Nov-08	30-Nov-07	30-Nov-08	30-Nov-07
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Net profit attributable to shareholders	17,252	9,078	50,851	25,905
Weighted average number of shares at the end of period ('000)	374,864	375,000*	374,864	375,000*
Basic earnings per RM0.20 share (sen)	4.60	2.42	13.57	6.91
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Note: * In accordance with the Financial Reporting Standard FRS 133 – Earnings Per Share, the effect of share split on the computation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. Therefore, the number of ordinary shares has been adjusted for the share split of sub-dividing every existing one (1) ordinary share of RM0.50 each into two and one half (2.5) new ordinary shares of RM0.20 each in the Company which was completed on 14 May 2008.

Date: 12th January 2009