



PANTECH GROUP HOLDINGS BERHAD

Company No. 733607 W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/05/2009 RM'000	Preceding Year Corresponding Quarter 31/05/2008 RM'000	Current Year To Date 31/05/2009 RM'000	Preceding Year Corresponding Period 31/05/2008 RM'000
Revenue	123,923	113,360	123,923	113,360
Operating Expenses	(104,304)	(89,803)	(104,304)	(89,803)
Other Operating Income	514	315	514	315
Profit from Operations	20,133	23,872	20,133	23,872
Finance Cost	(2,057)	(2,021)	(2,057)	(2,021)
Share of profit in associate company	187	280	187	280
Share of profit in joint venture company	4	50	4	50
Profit before taxation	18,267	22,181	18,267	22,181
Taxation	(4,684)	(6,469)	(4,684)	(6,469)
Profit for the period	13,583	15,712	13,583	15,712
Attributable To:				
Equity holders of the parent	13,583	15,712	13,583	15,712
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	3.63	4.19	3.63	4.19
(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 31 MAY 2009**

	UNAUDITED GROUP 31/05/2009 RM'000	AUDITED GROUP 28/02/2009 RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	61,474	54,806
Prepaid land lease payments	6,116	6,141
Investment Properties	3,040	3,040
Investment In An Associate Company	1,729	1,542
Investment In A Joint Venture Company	280	274
Other Investments	7	7
Deferred Tax Assets	1,540	1,540
	<u>74,186</u>	<u>67,350</u>
Current assets		
Inventories	174,906	202,742
Trade and Other Receivables	67,033	58,116
Amount Due from An Associate Company	60,160	47,042
Fixed Deposits	1,775	1,771
Cash and Bank Balances	20,781	32,086
	<u>324,655</u>	<u>341,757</u>
TOTAL ASSETS	<u>398,841</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	119,902	109,198
Total Equity	<u>210,589</u>	<u>199,885</u>
Non-current liabilities		
Long Term Borrowings	37,066	31,723
Deferred Taxation	3,245	3,245
	<u>40,311</u>	<u>34,968</u>
Current liabilities		
Trade and Other Payables	37,823	36,006
Overdraft and Short Term Borrowings	100,778	129,074
Amount Due to A Joint Venture Company	72	16
Tax payable	9,268	9,158
	<u>147,941</u>	<u>174,254</u>
Total Liabilities	<u>188,252</u>	<u>209,222</u>
TOTAL EQUITY AND LIABILITIES	<u>398,841</u>	<u>409,107</u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.56	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 MAY 2009

	GROUP 31/05/2009 RM'000	GROUP 31/05/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,267	22,181
Adjustments for:		
Non-cash items	2,816	3,474
Non-operating items	1,794	1,826
Operating profit before changes in working capital	22,877	27,481
Changes in working capital:-		
Net changes in current assets	2,585	(38,780)
Net changes in current liabilities	1,921	(7,612)
Net changes in bills payables	(27,792)	31,331
Cash (used in) / generated from operations	(409)	12,420
Dividend paid	(2,994)	-
Dividend received	45	-
Interest paid	(1,884)	(1,852)
Interest received	45	26
Tax paid	(3,147)	(2,423)
Net cash (used in) / generated from operating activities	(8,344)	8,171
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,713)	(1,958)
Proceeds from disposal of property, plant and equipment	-	97
Net cash used in investing activities	(6,713)	(1,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	4,600	-
Repayment of borrowings	(959)	(576)
Net cash generated from/(used in) financing activities	3,641	(576)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(11,416)	5,734
EFFECT OF EXCHANGE RATE CHANGES	115	100
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	33,857	4,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	22,556	10,740

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 31 May 2009**

	← Attributable to Equity Holder of the Parent →						Minority Interest RM'000	Total Equity RM'000
	← Non-Distributable →			Treasury Shares	Unappropriated Profit	Total		
	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	12	-	55,395	146,474	-	146,474
Currency translation differences	-	-	100	-	-	100	-	100
Net profit for the period	-	-	-	-	15,712	15,712	-	15,712
Balance as at 31 May 2008	<u>75,000</u>	<u>16,067</u>	<u>112</u>	<u>-</u>	<u>71,107</u>	<u>162,286</u>	<u>-</u>	<u>162,286</u>
Balance as at 1 March 2009	75,000	16,067	147	(380)	109,051	199,885	-	199,885
Currency translation differences	-	-	115	-	-	115	-	115
Net profit for the period	-	-	-	-	13,583	13,583	-	13,583
Interim dividend paid to shareholders	-	-	-	-	(2,994)	(2,994)	-	(2,994)
Balance as at 31 May 2009	<u>75,000</u>	<u>16,067</u>	<u>262</u>	<u>(380)</u>	<u>119,640</u>	<u>210,589</u>	<u>-</u>	<u>210,589</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



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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
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	-



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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	
	----- 3 months ended 31 May 2009 -----			
	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*	114,035	100,396	17,651	18,995
Manufacturing of pipe fittings	18,880	21,870	2,141	4,569
Investments and management	755	751	428	340
	133,670	123,017	20,220	23,904
Inter-segments elimination	(9,747)	(9,657)	(132)	(58)
	123,923	113,360	20,088	23,846
Unallocated expenses			-	-
			20,088	23,846
Interest income			45	26
Finance cost			(2,057)	(2,021)
Share of profit in associate			187	280
Share of profit in joint venture			4	50
			18,267	22,181

* PFF : Represents pipes, fittings and flow controls

Analysis of the Group's revenue by geographical segments:

	Revenue	
	----- 3 months ended 31 May 2009 -----	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	116,535	116,071
Generated by overseas operation	17,135	6,946
	133,670	123,017
Inter-segments elimination	(9,747)	(9,657)
	123,923	113,360

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

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:-

	31 May 2009
	RM'000
Corporate guarantees	<u><u>425,625</u></u>

A13 Capital Commitments

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

	RM'000
Approved and contracted for	<u><u>4,791</u></u>
Analyzed as follows:	
- Property, plant and equipment	<u>4,791</u>



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

B1 Review of Performance

For the current quarter and three months ended 31 May 2009, the Group's revenue increased by 9.3% from RM113.36 million (FY09Q1) to RM123.92 million. Despite higher revenue achieved, the Group posted a lower profit before taxation of RM18.27 million (FY09Q1: RM22.18 million) and profit after taxation of RM13.58 million (FY09Q1: RM15.71 million). The lower profit after taxation was mainly attributed to changes in product mix from the trading division and lower contribution from manufacturing division.

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported lower revenue of RM123.92 million compared to RM139.77 million recorded for 4Q09. However, profit after taxation increased from RM10.6 million to RM13.58 million in current quarter by 28% due mainly to the provision for write down of stock of RM9.24 million was made in preceding quarter.

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-May-09	31-May-08	31-May-09	31-May-08
	RM'000	RM'000	RM'000	RM'000
Current taxation	4,684	6,469	4,684	6,469

Tax expense for the current quarter and financial year to-date ended 31 May 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	2,644	14,665
- Hire purchase	1,030	2,401
- Bankers' acceptances, trust receipts and other short term loan	96,668	-
- Collateralised loan obligations	436	20,000
	100,778	37,066



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B10 Off Balance Sheet Financial Instruments

As at end of current financial quarter, the Group has the amount of forward exchange contracts with licensed banks as hedges for sales amounted to RM3.3million. The settlement periods for these contracts are ranging from one to two 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

No dividend was proposed for the current financial quarter ended 31 May 2009 under review.

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-May-09	31-May-08	31-May-09	31-May-08
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Net profit attributable to shareholders	13,583	15,712	13,583	15,712
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)	3.63	4.19	3.63	4.19
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Date: 16th July 2009