



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 2009

	Third Quarter		Cumulative Quarter	
	Current Year 30/11/2009 RM'000	Preceding Year Corresponding Quarter 30/11/2008 RM'000	Current Year To Date 30/11/2009 RM'000	Preceding Year Corresponding Period 30/11/2008 RM'000
Revenue	92,219	132,840	335,512	371,830
Operating Expenses	(75,695)	(108,387)	(276,084)	(298,143)
Other Operating Income	443	321	1,156	942
Profit from Operations	16,967	24,774	60,584	74,629
Finance Cost	(1,569)	(2,624)	(5,253)	(6,941)
Share of profit in associate company	146	632	624	1,273
Share of profit in joint venture company	47	25	51	107
Profit before taxation	15,591	22,807	56,006	69,068
Taxation	(3,842)	(5,555)	(15,944)	(18,217)
Profit for the period	11,749	17,252	40,062	50,851
Attributable To:				
Equity holders of the parent	11,749	17,252	40,062	50,851
Earnings per share				
(a) Basic earnings per RM0.20 share (sen)	3.14	4.60	10.71	13.57
(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 30 NOVEMBER 2009**

	UNAUDITED GROUP 30/11/2009 RM'000	AUDITED GROUP 28/02/2009 RM'000
ASSETS		
Non-Current assets		
Property, Plant And Equipment	59,591	54,806
Prepaid land lease payments	6,065	6,141
Investment Properties	3,040	3,040
Investment In An Associate Company	2,166	1,542
Investment In A Joint Venture Company	331	274
Other Investments	7	7
Deferred Tax Assets	1,540	1,540
	<u>72,740</u>	<u>67,350</u>
Current assets		
Inventories	157,324	202,742
Trade and Other Receivables	71,360	58,116
Amount Due from An Associate Company	62,981	47,042
Fixed Deposits	1,786	1,771
Cash and Bank Balances	47,841	32,086
	<u>341,292</u>	<u>341,757</u>
TOTAL ASSETS	<u><u>414,032</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	142,745	109,198
Total Equity	<u>233,432</u>	<u>199,885</u>
Non-current liabilities		
Long Term Borrowings	14,773	31,723
Deferred Taxation	3,245	3,245
	<u>18,018</u>	<u>34,968</u>
Current liabilities		
Trade and Other Payables	35,242	36,006
Overdraft and Short Term Borrowings	118,404	129,074
Amount Due to A Joint Venture Company	217	16
Tax payable	8,719	9,158
	<u>162,582</u>	<u>174,254</u>
Total Liabilities	<u>180,600</u>	<u>209,222</u>
TOTAL EQUITY AND LIABILITIES	<u><u>414,032</u></u>	<u><u>409,107</u></u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	0.62	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 30 NOVEMBER 2009

	GROUP 30/11/2009 RM'000	GROUP 30/11/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,006	69,068
Adjustments for:		
Non-cash items	7,618	7,104
Non-operating items	4,498	5,991
Operating profit before changes in working capital	68,122	82,163
Changes in working capital:-		
Net changes in current assets	10,293	(108,455)
Net changes in current liabilities	(494)	10,291
Net changes in bills payables	(31,001)	73,972
Cash generated from operations	46,920	57,971
Dividend paid	(6,735)	(3,308)
Dividend received	75	48
Interest paid	(4,794)	(6,298)
Interest received	221	259
Tax paid	(14,956)	(8,559)
Net cash generated from operating activities	20,731	40,113
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,316)	(8,994)
Purchase of prepaid land lease payment	-	(3,950)
Proceeds from disposal of property, plant and equipment	69	170
Net cash used in investing activities	(7,247)	(12,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares buy back	-	(79)
Drawdown of borrowings	4,861	6,138
Repayment of borrowings	(2,795)	(2,012)
Net cash generated from financing activities	2,066	4,047
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,550	31,386
EFFECT OF EXCHANGE RATE CHANGES	220	206
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	33,857	4,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	49,627	36,498

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 30 NOVEMBER 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
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
Balance as at 1 March 2009	75,000	16,067	147	(380)	109,051	199,885	-	199,885
Currency translation differences	-	-	220	-	-	220	-	220
Net profit for the period	-	-	-	-	40,062	40,062	-	40,062
Interim dividend paid to shareholders	-	-	-	-	(2,994)	(2,994)	-	(2,994)
Final dividend paid to shareholders	-	-	-	-	(3,741)	(3,741)	-	(3,741)
Balance as at 30 November 2009	75,000	16,067	367	(380)	142,378	233,432	-	233,432

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.

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.



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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
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	
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 tier dividend of 0.30 sen per ordinary share of RM0.20 less 26% income tax		2,475 833
	6,735	3,308

Subsequent to the interim financial period ended 30 November 2009, the company had on 8th January 2010 paid a first 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 financial year ending 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	
	----- 9 months ended 30 November 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*	311,767	313,631	55,493	60,520
Manufacturing of pipe fittings	44,677	82,142	4,869	13,549
Investments and management	13,859	8,770	12,462	7,420
	370,303	404,543	72,824	81,489
Inter-segments elimination	(34,791)	(32,713)	(12,461)	(7,119)
	335,512	371,830	60,363	74,370
Unallocated expenses			-	-
			60,363	74,370
Interest income			221	259
Finance cost			(5,253)	(6,941)
Share of profit in associate			624	1,273
Share of profit in joint venture			51	107
			56,006	69,068

* PFF : Represents pipes, fittings and flow controls

Analysis of the Group's revenue by geographical segments:

	Revenue	
	----- 9 months ended 30 November 2009 -----	
	Current Year to-date RM'000	Preceding Year Corresponding Period RM'000
Generated by Malaysia operation	331,841	361,155
Generated by overseas operation	38,462	43,388
	370,303	404,543
Inter-segments elimination	(34,791)	(32,713)
	335,512	371,830

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

During the current quarter under review, 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. Subsequently, Pantech Klad Manufacturing Sdn Bhd had on 15th October 2009 changed its name to Pantech Stainless & Alloy Industries 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:-

	30 November 2009
	RM'000
Corporate guarantees	<u>422,372</u>

A13 Capital Commitments

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2009 are as follows:

	RM'000
Approved and contracted for	<u>16,491</u>
Analyzed as follows:	
- Property, plant and equipment	<u>16,491</u>



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

B1 Review of Performance

For the nine months ended 30 November 2009, the Group registered lower revenue of RM335.5 million (FY09 same period: RM371.8 million). In line with the lower revenue achieved, the Group posted a lower profit before taxation of RM56 million (FY09 same period: RM69.1 million) and profit after taxation of RM40 million (FY09 same period: RM50.8 million). The lower profit after taxation was mainly attributed to lower contribution from manufacturing division.

For the current quarter under review with comparison to last year corresponding quarter, the Group registered lower revenue of RM92.2 million (FY09Q3: RM132.8 million) mainly due to lower sales volume from trading division and lower output from manufacturing division. In line with the lower revenue, the group posted a lower profit after taxation of RM 11.75 million (FY09Q3: RM 17.25 million).

B2 Variation of results against preceding quarter

In the current quarter under review, the Group reported lower revenue of RM92.2 million compared to RM119.3 million recorded for preceding quarter due mainly to lower sales volume from trading division. In line with the lower revenue recorded, the group posted a lower profit after taxation of RM11.75 million compared to preceding quarter of RM14.73 million.

B3 Prospects

While there are signs of economic recovery, economic conditions continue to be challenging for the Group. 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.

Barring any unforeseen circumstances, the Board believes that the performance of the Group for current financial year will remain satisfactory 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 30-Nov-09 RM'000	Preceding Year Corresponding Quarter 30-Nov-08 RM'000	Current Year To Date 30-Nov-09 RM'000	Preceding Year Corresponding Period 30-Nov-08 RM'000
Current taxation	3,933	5,694	16,035	18,796
Over provision in prior year	(91)	(139)	(91)	(579)
	<u>3,842</u>	<u>5,555</u>	<u>15,944</u>	<u>18,217</u>

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

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) of Pantech as well as the employees of Pantech and its subsidiaries (which are not dormant).

The Group has obtained approval from Bursa Malaysia Securities Berhad for the Proposed ESOS vide its letter dated 15th January 2010. As at the date of this report, the proposal is pending for shareholders' approval and it has yet to be implemented.



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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	3,348	13,195
- Hire purchase	1,160	1,578
- Bankers' acceptances, trust receipts and other short term loan	75,553	-
- Collateralised loan obligations	20,423	-
- Onshore foreign currency loan	17,920	-
	<u>118,404</u>	<u>14,773</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 RM1.7 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 a special second interim single tier dividend of 1.5sen per ordinary share of RM0.20 each in respect of the financial year ending 28 February 2010 (Previous year corresponding period: Special second interim single tier dividend of 0.8 sen per ordinary share of RM 0.20 each). The interim dividend will be paid on 20th April 2010 to shareholders whose names appear on the Company's Record of Depositors on 25th March 2010.

The total dividend per share for the current financial year is 3.0 sen single tier dividend per ordinary share of RM 0.20 each. (Preceding year corresponding period: 2.0 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
	30-Nov-09 RM'000	30-Nov-08 RM'000	30-Nov-09 RM'000	30-Nov-08 RM'000
Basic earnings per share				
Net profit attributable to shareholders	11,749	17,252	40,062	50,851
Weighted average number of shares at the end of period ('000)	374,179	374,864	374,179	374,864
Basic earnings per RM0.20 share (sen)	3.14	4.60	10.71	13.57
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: 25th January 2010