

**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 2006**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/11/2006 RM'000	Preceding Year Corresponding Quarter 30/11/2005 RM'000	Current Year To Date 30/11/2006 RM'000	Preceding Year Corresponding Period 30/11/2005 RM'000
<b>Revenue</b>	<b>26,447</b>	N/A	<b>26,447</b>	N/A
Operating Expenses	(21,805)	N/A	(21,805)	N/A
Other Operating Income	80	N/A	80	N/A
<b>Profit from Operations</b>	<b>4,722</b>	N/A	<b>4,722</b>	N/A
Finance Cost	(667)	N/A	(667)	N/A
Excess of net fair values over acquisitions cost	17,891	N/A	17,891	N/A
Share of profit/(loss) of associated company	(8)	N/A	(8)	N/A
Share of profit/(loss) of joint venture company	(7)	N/A	(7)	N/A
<b>Profit before taxation</b>	<b>21,931</b>	N/A	<b>21,931</b>	N/A
Taxation	(1,243)	N/A	(1,243)	N/A
<b>Profit for the period</b>	<b>20,688</b>	N/A	<b>20,688</b>	N/A
Attributable To:				
Equity holders of the parent	<b>20,688</b>	N/A	<b>20,688</b>	N/A
<b>Earnings/(loss) per share</b>				
(a) <i>Basic earnings per share (sen)</i> <i>(Before excess of net fair values over acquisitions cost)</i>	<b>34.10</b>	N/A	<b>34.10</b>	N/A
(b) <i>Basic earnings per share (sen)</i> <i>(After excess of net fair values over acquisitions cost)</i>	<b>252.23</b>	N/A	<b>252.23</b>	N/A
(c) <i>Diluted earnings per share(sen)</i>	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the period ended 30 September 2006 as disclosed in the Prospectus dated 29 January 2007 and the accompanying explanatory notes attached to the interim financial reports

Note:-

\* This is the first Interim Financial Statements on the consolidated results for the financial period ended 30 November 2006 announced by the Company in compliance with Bursa Malaysia Securities Berhad's ("Bursa Securities") requirements in conjunction with the admission of the Company to the Main Board of Bursa Securities. As this is the first quarterly report being drawn up, there are no comparative figures for the preceding years's corresponding quarter.

**PANTECH GROUP HOLDINGS BERHAD**Company No. 733607 W  
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 NOVEMBER 2006**

	<b>UNAUDITED GROUP 30/11/2006 RM'000</b>	<b>AUDITED GROUP 30/11/2005 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, Plant And Equipment	26,517	N/A
Investment Properties	13,087	N/A
Investment In Associated Company	22	N/A
Investment In Jointly Controlled Company	173	N/A
Other Investments	2,007	N/A
Other non-current assets	79	N/A
	<u>41,885</u>	<u>N/A</u>
<b>Current assets</b>		
Inventories	84,329	N/A
Trade and Other Receivables	67,874	N/A
Amount Due from Associated Company	19	N/A
Fixed Deposits	12,041	N/A
Cash and Bank Balances	1,025	N/A
	<u>165,288</u>	<u>N/A</u>
<b>TOTAL ASSETS</b>	<u><u>207,173</u></u>	<u><u>N/A</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	62,500	N/A
Share Premium	4,827	N/A
Reserves	20,691	N/A
<b>Equity attributable to equity holders of the parent</b>	<u>88,018</u>	<u>N/A</u>
Minority Interest	-	N/A
Total Equity	<u>88,018</u>	<u>N/A</u>
<b>Non-current liabilities</b>		
Long Term Borrowings	27,983	N/A
Deferred Taxation	2,198	N/A
	<u>30,181</u>	<u>N/A</u>
<b>Current liabilities</b>		
Trade and Other Payables	20,274	N/A
Overdraft and Short Term Borrowings	67,478	N/A
Amount Due to Joint Venture Company	22	N/A
Taxation	1,200	N/A
	<u>88,974</u>	<u>N/A</u>
<b>Total Liabilities</b>	<u>119,155</u>	<u>N/A</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>207,173</u></u>	<u><u>N/A</u></u>
<b>NET ASSETS PER SHARE (RM)</b>	<b>0.70</b>	N/A

*The condensed balance sheets should be read in conjunction with the audited financial statements for the period ended 30 September 2006 as disclosed in the Prospectus dated 29 January 2007 and the accompanying explanatory notes attached to the interim financial reports.*

## Note:

Net Assets per share as at 30 November 2006 was arrived based on the Group's Net Assets of RM88.018 million over the number of ordinary shares of 125,000,000 shares of RM0.50 each. Consolidated Balance Sheet and Net Assets per share as at the preceding financial year end was not available as the Group was form in the current quarter

**PANTECH GROUP HOLDINGS BERHAD**

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**INTERIM FINANCIAL REPORT**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES  
IN EQUITY FOR THE PERIOD ENDED 30 NOVEMBER 2006**

	← Attributable to Equity Holder of the Parent →					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Exchange Reserve RM'000	Total RM'000		
Balance as at date of incorporation on 15 May 2006	#	-	-	-	#	-	#
Issue of shares pursuant to acquisitions of subsidiaries	62,500	4,827	-	-	67,327	-	67,327
Currency translation differences	-	-	-	3	3	-	3
Net profit for the period	-	-	20,688		20,688	-	20,688
Balance as at 30 November 2006	62,500	4,827	20,688	3	88,018	-	88,018

Note: # RM1.00

*The condensed statements of changes in equity should be read in conjunction with the audited financial statements for the period ended 30 September 2006 as disclosed in the Prospectus dated 29 January 2007 and the accompanying explanatory notes attached to the interim financial reports*

**PANTECH GROUP HOLDINGS BERHAD**

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**INTERIM FINANCIAL REPORT****UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 NOVEMBER 2006**

	<b>GROUP 30/11/2006 RM'000</b>	<b>GROUP 30/11/2005 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>21,931</b>	N/A
Adjustments for:		
Depreciation of property, plant and equipment	<b>174</b>	N/A
Interest expenses	<b>639</b>	N/A
Interest income	<b>(36)</b>	N/A
Property, plant and equipment written off	<b>1</b>	N/A
Share of results in associated company	<b>8</b>	N/A
Share of results in joint venture company	<b>7</b>	N/A
Excess of net fair values over acquisitions cost	<b>(17,891)</b>	N/A
<b>Operating profit before changes in working capital</b>	<b>4,833</b>	N/A
Changes in working capital:-		
(Increase)/decrease in inventories	<b>(755)</b>	N/A
(Increase)/decrease in trade and other receivables	<b>(16,125)</b>	N/A
Increase/(decrease) in trade and other payables	<b>4,793</b>	N/A
Increase/(decrease) in amount due from associated company	<b>(170)</b>	N/A
Increase/(decrease) in amount due to joint venture company	<b>22</b>	N/A
Increase/(decrease) in bills payables	<b>2,075</b>	N/A
<b>Cash generated from / (used in ) operations</b>	<b>(5,327)</b>	N/A
Interest paid	<b>(639)</b>	N/A
Interest received	<b>36</b>	N/A
Tax (paid)/recovered	<b>(811)</b>	N/A
<b>Net cash generated from / (used in) operating activities</b>	<b>(6,741)</b>	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash acquired	<b>17,684</b>	N/A
Purchase of property, plant and equipment	<b>(306)</b>	N/A
<b>Net cash from / (used in) investing activities</b>	<b>17,378</b>	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans and other borrowings	<b>(156)</b>	N/A
Repayment of hire purchase and lease financing	<b>(78)</b>	N/A
<b>Net cash from / (used in) financing activities</b>	<b>(234)</b>	N/A
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>10,403</b>	N/A
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR</b>	<b>-</b>	N/A
<b>CASH AND CASH EQUIVALENT AT END OF THE YEAR</b>	<b>10,403</b>	N/A
<b>CASH AND CASH EQUIVALENTS</b>		
Fixed Deposits with licensed banks	<b>12,041</b>	N/A
Cash and Bank Balances	<b>1,025</b>	N/A
Bank Overdraft	<b>(2,663)</b>	N/A
	<b>10,403</b>	N/A

*The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the period ended 30 September 2006 as disclosed in the Prospectus dated 29 January 2007 and the accompanying explanatory notes attached to the interim financial reports*

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## **INTERIM FINANCIAL REPORT**

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### **A. NOTES TO THE INTERIM FINANCIAL REPORT**

#### **A1 Basis of preparation**

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 period ended 30 September 2006. 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 period ended 30 September 2006.

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 period ended 30 September 2006 except for the accounting policy changes arising from the adoption of the following new and revised Financial Reporting Standards (“FRS”) effective from 1 January 2006:-

FRS 3 Business Combinations  
FRS 101 Presentation of Financial Statements  
FRS 102 Inventories  
FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors  
FRS 110 Events after the Balance Sheet Date  
FRS 116 Property, Plant and Equipment  
FRS 121 The Effects of Changes in Foreign Exchange Rates  
FRS 127 Consolidated and Separate Financial Statements  
FRS 131 Interests in Joint Ventures  
FRS 132 Financial Instruments: Disclosure and Presentation  
FRS 133 Earnings Per Share  
FRS 136 Impairment of Assets  
FRS 138 Intangible Assets  
FRS 140 Investment Property

The adoption of FRSs does not have significant financial impact on the Group for the current quarter under review. The principal effects of the changes in accounting policies resulting from the adoption of the FRSs are disclosed below:

(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 requires the goodwill to be carried at cost less accumulated impairment losses and to be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not

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allowed. Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognized immediately as income.

(b) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

**A2 Audit report of preceding annual financial statement**

The audited financial statements of the Company and its subsidiary companies for the financial period ended 30 September 2006 were not subject to any qualification.

**A3 Seasonal or cyclical factors**

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

**A4 Unusual Items**

Other than as disclosed, 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 was no material changes in estimates of amount reported during the quarter under review.

**A6 Debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the current quarter and financial year under review other than the 124,999,998 ordinary shares issued pursuant to the listing scheme for acquisitions of subsidiaries as disclosed in Note B6 of this interim report.

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**INTERIM FINANCIAL REPORT****A7 Dividend Paid**

There were no dividends declared or paid during the quarter under review.

**A8 Segment Information**

The Group is principally engaged in the business segments of trading, manufacturing and investment holding.

	Revenue		Profit before tax	
	----- 9 months ended 30 November 2006 -----			
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
	RM'000	RM'000	RM'000	RM'000
Trading	23,599	N/A	5,908	N/A
Manufacturing	4,838	N/A	1,193	N/A
Investment and others	47	N/A	55	N/A
	28,484	N/A	7,156	N/A
Inter-segments elimination	(2,037)	N/A	(2,470)	N/A
	26,447	N/A	4,686	N/A
Unallocated expenses			-	N/A
			4,686	N/A
Interest income			36	N/A
Finance cost			(667)	N/A
Excess of net fair values over acquisitions cost			17,891	N/A
Share of loss of associate			(8)	N/A
Share of loss of joint venture			(7)	N/A
			21,931	N/A

**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 7 months financial statements ended 30 September 2006.

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter to 12 February 2007, which is likely to substantially affect the results of the operations of the Group.

**A11 Changes in the composition of the Group**

Pursuant to the Listing Scheme approved by Securities Commission and the Share Sale Agreement dated 15 June 2006, the Company undertook the acquisitions of subsidiaries namely Pantech Corporation Sdn Bhd, Pantech Steel Industries Sdn Bhd and Panaflo Controls Pte Ltd as disclosed in Note B6 of this quarterly report. The above acquisitions were completed on 10 November 2006.

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**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.

**A13 Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 30 November 2006 are as follows:

	RM'000
Approved and contracted for	2,229
Approved but not contracted for	<u>-</u>
	<u>2,229</u>
Analysed as follows:	
- Property, plant and equipment	<u>2,229</u>

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## **INTERIM FINANCIAL REPORT**

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

**B1 Review of Performance**

For the current quarter under review, the Group achieved revenue of RM26.447 million. In line with the revenue recorded, the Group posted a profit from operations of RM4.722 million. With the excess of net fair values over acquisitions cost of RM17.891 million arising from the acquisitions of subsidiaries, the Group recorded a profit before taxation of RM21.931 million and a profit after taxation of RM20.688 million.

**B2 Variation of results against preceding quarter**

There were no comparative figures in the preceding quarter as this is the Group's first quarterly announcement in conjunction with the listing and quotation of the Company on the Main Board of Bursa Securities scheduled on 15 February 2007.

**B3 Prospects**

Barring any unforeseen circumstances, the Board are of the opinion that the Group to continue to achieve satisfactory performance.

**B4 Variance on Forecast Profit/Profit Guarantee**

Save for the profit estimate and forecast issued in the prospectus dated 29 January 2007, the Group did not issue any forecast for the current quarter and therefore this is not applicable. Disclosure on explanatory for the variance between actual and forecast results would only be required in the final quarter results for the Group.

**B5 Taxation**

Tax expense for the current quarter ended 30 November 2006 is derived based on the management's best estimate of the tax rate for the year. The effective tax rate of the Group for the current quarter is lower than the statutory rate as a result of excess of net fair values over acquisitions cost arising from acquisitions of subsidiaries during the current quarter which is non-taxable.

**B6 Unquoted investments and/or properties**

Save as disclosed below, there are no other purchases or disposals of unquoted investment and/or properties during the financial quarter under review.

In conjunction with, and as an integral part of the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities, the Listing Scheme

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which was approved by the MITI on 28 August 2006 and the SC on 18 October 2006, were executed as follows:-

- (a) Acquisition of Pantech Corporation Sdn Bhd (“Pantech Corp”)  
Acquisition by the Company of 14,815,000 ordinary shares of RM1.00 each representing 100% equity interest in Pantech Corp for a purchase consideration of RM64,490,912, satisfied through the issuance of 119,735,047 new shares at an issue price of approximately RM0.54 per share, which was completed on 7 November 2006.
- (b) Acquisition of Pantech Steel Industries Sdn Bhd (“Pantech Steel”)  
Acquisition by the Company of 3,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Pantech Steel for a purchase consideration of RM6,398,344, satisfied through deferred cash payment of RM3,839,006 and the issuance of 4,751,715 new shares at an issue price of approximately RM0.54 per share, which was completed on 8 November 2006.
- (c) Acquisition of Panaflo Controls Pte Ltd (“Panaflo”)  
Acquisition by the Company of 500,000 ordinary shares representing 100% equity interest in Panaflo for a purchase consideration of RM1,382,179 satisfied through deferred cash payment of RM1,105,743 and the issuance of 513,236 new shares at an issue price of approximately RM0.54 per share, which was completed on 10 November 2006.

**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**

Save as disclosed below, there are no other corporate proposals announced but not completed as at the date of this report.

- (a) Initial Public Offering  
Pursuant to the Prospectus dated 29 January 2007, the entire enlarged issued and paid-up share capital of the Company of 150,000,000 shares is expected to be listed on the Main Board of Bursa Securities on 15 February 2007.
- (b) Utilisation of IPO Proceeds  
No utilisation of IPO Proceeds status is available as the Company is expected to be listed only on 15 February 2007.

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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:-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<u>Secured:-</u>		
- Term loans	2,142	5,861
- Hire purchase	916	2,122
- Bank overdraft	2,663	-
- Bankers' acceptances and trust receipts	59,879	-
- Domestic resource factoring	1,460	-
	<u>67,060</u>	<u>7,983</u>
 <u>Unsecured:-</u>		
- Collateralised loan obligations	418	20,000
	<u>67,478</u>	<u>27,983</u>

**B10 Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the date of this quarterly report.

**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 has been recommended during the quarter under review.

**PANTECH GROUP HOLDINGS BERHAD**

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**INTERIM FINANCIAL REPORT****B13 Earnings Per Share (Sen)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>30-Nov-06</b>	<b>30-Nov-05</b>	<b>30 -Nov-06</b>	<b>30-Nov-05</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Basic earnings per share</b>				
Net profit attributable to shareholders	<b>20,688</b>	N/A	<b>20,688</b>	N/A
Number of ordinary shares at the beginning of the period ('000)	#	N/A	#	N/A
Issued during the period ('000)	<b>125,000</b>	N/A	<b>125,000</b>	N/A
Weighted average number of shares at the end the period ('000)	<b>8,202</b>	N/A	<b>8,202</b>	N/A
Basic earnings per share (sen) (Before excess of net fair values over acquisitions cost)	<b>34.10</b>	N/A	<b>34.10</b>	N/A
Basic earnings per share (sen) (After excess of net fair values over acquisitions cost)	<b>252.23</b>	N/A	<b>252.23</b>	N/A

Note: # Represent 2 ordinary shares only.

**Date: 12 February 2007**