



**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 2008**

	First Quarter		Cumulative Quarter	
	Current Year Quarter 31/05/2008 RM'000	Preceding Year Corresponding Quarter 31/05/2007 RM'000	Current Year To Date 31/05/2008 RM'000	Preceding Year Corresponding Period 31/05/2007 RM'000
<b>Revenue</b>	<b>113,360</b>	<b>79,753</b>	<b>113,360</b>	79,753
Operating Expenses	(89,803)	(67,858)	(89,803)	(67,858)
Other Operating Income	315	449	315	449
<b>Profit from Operations</b>	<b>23,872</b>	<b>12,344</b>	<b>23,872</b>	<b>12,344</b>
Finance Cost	(2,021)	(1,783)	(2,021)	(1,783)
Share of profit in associate company	280	6	280	6
Share of profit in joint venture company	50	22	50	22
<b>Profit before taxation</b>	<b>22,181</b>	<b>10,589</b>	<b>22,181</b>	<b>10,589</b>
Taxation	(6,469)	(2,662)	(6,469)	(2,662)
<b>Profit for the period</b>	<b>15,712</b>	<b>7,927</b>	<b>15,712</b>	<b>7,927</b>
Attributable To:				
Equity holders of the parent	<b>15,712</b>	<b>7,927</b>	<b>15,712</b>	<b>7,927</b>
<b>Earnings per share</b>				
(a) Basic earnings per RM0.20 share (sen)	<b>4.19</b>	2.11	<b>4.19</b>	2.11
(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 31 MAY 2008**

	<b>UNAUDITED GROUP 31/05/2008 RM'000</b>	<b>AUDITED GROUP 29/02/2008 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, Plant And Equipment	48,588	48,520
Prepaid land lease payments	2,256	2,270
Investment Properties	3,040	3,040
Investment In An Associate Company	427	147
Investment In A Joint Venture Company	223	167
Other Investments	1,007	2,007
Capital work-in-progress	1,810	787
Deferred Tax Assets	645	645
	<u>57,996</u>	<u>57,583</u>
<b>Current assets</b>		
Inventories	150,273	140,829
Trade and Other Receivables	76,863	69,827
Amount Due from An Associate Company	24,504	4,032
Fixed Deposits	1,716	1,705
Cash and Bank Balances	10,691	3,995
	<u>264,047</u>	<u>220,388</u>
<b>TOTAL ASSETS</b>	<u><b>322,043</b></u>	<u><b>277,971</b></u>
<b>EQUITY AND LIABILITIES</b>		
Share Capital	75,000	75,000
Share Premium	16,067	16,067
Reserves	71,219	55,407
Total Equity	<u>162,286</u>	<u>146,474</u>
<b>Non-current liabilities</b>		
Long Term Borrowings	29,157	28,796
Deferred Taxation	2,935	2,934
	<u>32,092</u>	<u>31,730</u>
<b>Current liabilities</b>		
Trade and Other Payables	12,473	20,545
Overdraft and Short Term Borrowings	107,883	76,383
Amount Due to A Joint Venture Company	694	229
Tax payable	6,615	2,610
	<u>127,665</u>	<u>99,767</u>
<b>Total Liabilities</b>	<u>159,757</u>	<u>131,497</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>322,043</b></u>	<u><b>277,971</b></u>
NET ASSETS PER SHARE OF RM0.20 EACH (RM)	<b>0.43</b>	0.39

*The unaudited condensed 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*



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### UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MAY 2008

	<b>GROUP 31/05/2008 RM'000</b>	<b>GROUP 31/05/2007 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,181	10,589
Adjustments for:		
Non-cash items	3,474	646
Non-operating items	1,826	1,494
<b>Operating profit before changes in working capital</b>	<b>27,481</b>	<b>12,729</b>
Changes in working capital:-		
Net changes in current assets	(38,780)	(18,722)
Net changes in current liabilities	(7,612)	4,943
Net changes in bills payables	31,331	2,685
<b>Cash generated from operations</b>	<b>12,420</b>	<b>1,635</b>
Interest paid	(1,852)	(1,662)
Interest received	26	168
Tax paid	(2,423)	(2,437)
<b>Net cash generated from / (used in) operating activities</b>	<b>8,171</b>	<b>(2,296)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,958)	(804)
Proceeds from disposal of property, plant and equipment	97	-
<b>Net cash used in investing activities</b>	<b>(1,861)</b>	<b>(804)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	-	1,472
Repayment of borrowings	(576)	(758)
<b>Net cash (used in) / generated from financing activities</b>	<b>(576)</b>	<b>714</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,734</b>	<b>(2,386)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>100</b>	<b>(67)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>4,906</b>	<b>31,628</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>10,740</b>	<b>29,175</b>

*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.*



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### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MAY 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	Unappropriated Profit RM'000			
<b>Balance as at 1 March 2007</b>	75,000	16,067	14	26,758	117,839	-	117,839
Currency translation differences	-	-	(67)	-	(67)	-	(67)
Net profit for the period	-	-	-	7,927	7,927	-	7,927
<b>Balance as at 31 May 2007</b>	<b>75,000</b>	<b>16,067</b>	<b>(53)</b>	<b>34,685</b>	<b>125,699</b>	<b>-</b>	<b>125,699</b>
<b>Balance as at 1 March 2008</b>	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
<b>Balance as at 31 May 2008</b>	<b>75,000</b>	<b>16,067</b>	<b>112</b>	<b>71,107</b>	<b>162,286</b>	<b>-</b>	<b>162,286</b>

*The unaudited condensed 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*



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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 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) <b>Amendment to FRS121</b> | - The Effects of Changes in Foreign Exchange Rates<br>- Net Investment in a Foreign Operation |
| 2) <b>FRS 107</b>             | - Cash Flow Statements  |
| 3) <b>FRS 112</b>             | - Income Taxes  |
| 4) <b>FRS 118</b>             | - Revenue   |
| 5) <b>FRS 137</b>             | - 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.

#### **(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:-



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## INTERIM FINANCIAL REPORT

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

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

The Malaysian Accounting Standards Board has yet to announce the effective date of this standard

**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.

**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.



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**A7 Dividend Paid**

There were no dividends paid during the quarter under review.

**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 2008 -----			
	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*	100,396	66,290	18,995	8,321
Manufacturing of pipe fittings	21,870	17,391	4,569	3,639
Investments and management	751	691	340	242
	<b>123,017</b>	84,372	<b>23,904</b>	12,202
Inter-segments elimination	<b>(9,657)</b>	(4,619)	<b>(58)</b>	(26)
	<b>113,360</b>	79,753	<b>23,846</b>	12,176
Unallocated expenses			-	-
			<b>23,846</b>	12,176
Interest income			26	168
Finance cost			(2,021)	(1,783)
Share of profit in associate			280	6
Share of profit in joint venture			50	22
			<b>22,181</b>	10,589

\* PFF : Represents pipes, fittings and flow controls

There is no geographical segment information as the Group is predominantly operating in Malaysia.

**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.



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## INTERIM FINANCIAL REPORT

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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.

The Company has provided the following corporate guarantees to its subsidiaries:-

	<b>31 May 2008</b>
	<b>RM'000</b>
Corporate guarantees	<u>233,345</u>

**A13 Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 31 May 2008 are as follows:

	<b>RM'000</b>
Approved and contracted for	7,927
Approved but not contracted for	<u>-</u>
	<u>7,927</u>
Analysed as follows:	
- Property, plant and equipment	<u>7,927</u>





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

#### **B1 Review of Performance**

For the three months ended 31 May 2008 and the current quarter under review, the Group achieved revenue of RM113.36 million (FY08Q1: RM79.75 million) representing an increase of 42%. In line with the revenue recorded, the Group posted higher profit before taxation of RM22.18 million (FY08Q1: RM10.59 million) and higher profit after taxation of RM15.71 million (FY08Q1: RM7.93 million), an increase of 109.44% and 98.02% respectively. The better performance is mainly attributed to the higher manufacturing output, higher sales volume and better selling prices from the trading division.

#### **B2 Variation of results against preceding quarter**

In the current quarter under review, the Group registered a profit after taxation of RM15.71 million as compared to RM8.28 million in the preceding quarter. The better performance is mainly attributed to the higher manufacturing output, higher sales volume and better selling prices from the trading division.

#### **B3 Prospects**

The Board is of the opinion 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. 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.

#### **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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	<b>31-May-08</b>	31-May-07	<b>31-May-08</b>	31-May-07
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Current taxation	<u>6,469</u>	2,662	<u>6,469</u>	2,662



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Tax expense for the current quarter and financial year to-date ended 31 May 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 quarter and 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:-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<u>Unsecured:-</u>		
- Term loans	1,455	7,145
- Hire purchase	1,097	2,012
- Bank overdraft	1,667	-
- Bankers' acceptances, trust receipts and other short term loan	92,886	-
- Domestic resource factoring	2,924	-
- Collateralised loan obligations	422	20,000
- Onshore foreign currency loan	7,432	-
	<u>107,883</u>	<u>29,157</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 twelve months.



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### 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 or paid for the current financial quarter ended 31 May 2008 under review.

### B13 Earnings Per Share (Sen)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-May-08 RM'000	Preceding Year Corresponding Quarter 31-May-07 RM'000	Current Year To Date 31-May-08 RM'000	Preceding Year Corresponding Period 31-May-07 RM'000
<b>Basic earnings per share</b>				
Net profit attributable to shareholders	15,712	7,927	15,712	7,927
Number of ordinary shares at the beginning of period ('000)	*375,000	*375,000	*375,000	*375,000
Issued during the period ('000)	-	-	-	-
Weighted average number of shares at the end of period ('000)	375,000	375,000	375,000	375,000
Basic earnings per share (sen)	4.19	2.11	4.19	2.11
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: 11th July 2008