

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		31/3/2011	31/3/2010	31/3/2011	31/3/2010
		RM'000	RM'000	RM'000	RM'000
Revenue		15,149	19,300	15,149	19,300
Cost of goods sold		(12,375)	(16,815)	(12,375)	(16,815)
Gross profit		<u>2,774</u>	<u>2,485</u>	<u>2,774</u>	<u>2,485</u>
Other income		785	700	785	700
Administrative expenses		(1,926)	(2,793)	(1,926)	(2,793)
Distribution costs		(394)	(1,200)	(394)	(1,200)
Other expenses		(4)	(960)	(4)	(960)
Operating profit/(loss)		<u>1,235</u>	<u>(1,768)</u>	<u>1,235</u>	<u>(1,768)</u>
Finance costs		(727)	(960)	(727)	(960)
Profit/(Loss) before taxation		<u>508</u>	<u>(2,728)</u>	<u>508</u>	<u>(2,728)</u>
Taxation		(11)	(11)	(11)	(11)
Profit/(Loss) for the period		<u>497</u>	<u>(2,739)</u>	<u>497</u>	<u>(2,739)</u>
Profit/(Loss) attributable to :					
Owners of the Parent		589	(2,584)	589	(2,584)
Non-controlling interests		(92)	(155)	(92)	(155)
		<u>497</u>	<u>(2,739)</u>	<u>497</u>	<u>(2,739)</u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		0.44	(1.94)	0.44	(1.94)
- Diluted		N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	497	(2,739)	497	(2,739)
Other comprehensive income:				
Translation of foreign operations	3	(4)	3	(4)
Other comprehensive income net of tax	<u>3</u>	<u>(4)</u>	<u>3</u>	<u>(4)</u>
Total comprehensive income for the period	<u>500</u>	<u>(2,743)</u>	<u>500</u>	<u>(2,743)</u>
Total comprehensive income attributable to:				
Owners of the Parent	592	(2,588)	592	(2,588)
Non-controlling interests	(92)	(155)	(92)	(155)
	<u>500</u>	<u>(2,743)</u>	<u>500</u>	<u>(2,743)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2011**

	Unaudited As at 31/3/2011	Audited As at 31/12/2010
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	51,371	52,121
Available-for-sale investments	1,360	1,360
Intangible assets	<u>12,832</u>	<u>13,856</u>
	<u>65,563</u>	<u>67,337</u>
<b>Current Assets</b>		
Inventories	6,979	8,620
Trade receivables	13,850	16,775
Other receivables, deposits & prepayments	3,571	3,027
Derivative financial instruments	202	188
Tax recoverable	24	85
Cash and bank balances	5,194	6,148
Assets classified as held for sale	<u>40,194</u>	<u>48,194</u>
	<u>70,014</u>	<u>83,037</u>
<b>TOTAL ASSETS</b>	<u><u>135,577</u></u>	<u><u>150,374</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners of the Parents</b>		
Share capital	66,622	66,622
Reserves	<u>(15,075)</u>	<u>(15,667)</u>
	51,547	50,955
<b>Non-Controlling interest</b>	<u>1,212</u>	<u>1,304</u>
<b>Total Equity</b>	<u><u>52,759</u></u>	<u><u>52,259</u></u>
<b>Non Current Liabilities</b>		
Term loans	3,784	4,145
Deferred income	9,846	10,590
Deferred tax liabilities	<u>1,850</u>	<u>1,850</u>
	<u>15,480</u>	<u>16,585</u>
<b>Current Liabilities</b>		
Trade payables	7,478	19,076
Other payables and accruals	24,285	13,808
Provision for taxation	2	1
Short term borrowings	35,573	48,645
- other borrowings	<u>35,573</u>	<u>48,645</u>
	<u>67,338</u>	<u>81,530</u>
<b>Total Liabilities</b>	<u><u>82,818</u></u>	<u><u>98,115</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>135,577</u></u>	<u><u>150,374</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2011	66,622	4,865	111	(20,643)	50,955	1,304	52,259
Total comprehensive income for the period	-	-	3	589	592	(92)	500
As at 31 March 2011	<u>66,622</u>	<u>4,865</u>	<u>114</u>	<u>(20,054)</u>	<u>51,547</u>	<u>1,212</u>	<u>52,759</u>

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2010	66,622	4,865	116	5,466	77,069	1,290	78,359
Total comprehensive income for the period	-	-	(4)	(2,584)	(2,588)	(155)	(2,743)
As at 31 March 2010	<u>66,622</u>	<u>4,865</u>	<u>112</u>	<u>2,882</u>	<u>74,481</u>	<u>1,135</u>	<u>75,616</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("Company")**  
**QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>3 Months ended 31/3/2011</b>	<b>3 Months ended 31/3/2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	508	(2,728)
Adjustments for -		
Amortisation of intangible assets	1,023	103
Deferred income released	(744)	(423)
Depreciation	738	1,565
Interest expense	726	960
Interest income	(22)	(11)
Inventory written off	-	(35)
Reversal of Impairment loss on assets classified as held for sale	(1,247)	-
Loss/(Gain) on disposal of property, plant and equipment	1,247	(132)
Other non-cash movements	(14)	(39)
Provision for slow moving stock	192	-
Fixed assets written off	13	-
Unrealised (gain)/loss on foreign exchange	(20)	507
Operating profit/(loss) before working capital changes	<u>2,400</u>	<u>(233)</u>
Changes in working capital		
Inventories	1,450	9
Receivables	2,416	(2,911)
Payables	(1,136)	5,180
Cash generated from operations	<u>5,130</u>	<u>2,045</u>
Interest paid	(726)	(960)
Tax refund	62	89
Tax paid	(11)	(98)
Net cash generated from operating activities	<u>4,455</u>	<u>1,076</u>

**Cash Flows From Investing Activities**

Interest received	22	11
Development expenditure	-	219
Proceeds from disposal of property, plant & equipment	8,000	378
Purchase of property, plant and equipment	-	(2)
Net cash outflow from investing activities	<u>8,022</u>	<u>606</u>

**Cash Flows From Financing Activities**

Short term borrowings	(140)	(2,159)
Proceeds from term loan drawdown	-	1,885
Repayment of term loan	(13,293)	(2,833)
Net cash (outflow)/inflow from financing activities	<u>(13,433)</u>	<u>(3,107)</u>

**Net Increase In Cash And Cash Equivalents**

	(956)	(1,425)
<b>Cash And Cash Equivalents As At 1 January</b>	6,147	4,699
Foreign exchange differences on opening balance	3	(4)
<b>Cash And Cash Equivalents As At 31 March</b>	<u>5,194</u>	<u>3,270</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2010.

# **PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**

## **Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

### **1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 31 March 2011 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010, except for the following:

#### **i) Adoption of New and Revised FRSs, IC Interpretations and Amendments**

In the current period ended 31 March 2011, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

- FRS 3 (revised), Business Combinations
- FRS 7, Financial Instruments: Disclosures.
- FRS 8, Operating Segments.
- FRS101 (revised), Presentation of Financial Statements.
- FRS 123 (revised), Borrowing Costs.
- FRS 127 (revised), Consolidated and Separate Financial Statement
- FRS 132 (revised), Financial Instruments: Presentation.
- FRS 139, Financial Instruments: Recognition and Measurement.
- IC Interpretation 9, Reassessment of Embedded Derivatives.
- IC Interpretation 10, Impairment and Interim Financial Reporting.
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards.
- Amendments to FRS 7
- Amendments to FRS 121
- Amendments to FRS 127
- Amendments to FRS 132
- Amendment to FRS 117
- Amendment to FRS 134
- Amendments to FRS 139, FRS 7 and IC Interpretation 9

### **2 Audit Report of Preceding Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 31 December 2010 was not subject to any qualification.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**3 Seasonal and Cyclical Factors**

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. As such, the Group’s performance will, to a certain extent, depend on the outlook and cyclical nature of the semiconductor and manufacturing industries.

**4 Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5 Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**6 Valuations of Property, Plant and Equipment**

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

**7 Changes in Share Capital and Debt**

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the period under review.

**8 Contingent Liabilities**

As at 31 March 2011, the Company has issued corporate guarantees amounting to RM46.9 million (31.12.10: RM46.9 million) as security for banking facilities granted to the Company and its subsidiaries of which RM13.4 million (31.12.10 : RM25.3 million) were utilized.

**9 Capital Commitments**

There were no major capital commitments for the Group as at the date of this report.



**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**10 Segmental Information**

**Results for the period ended 31 March 2011**

	<b>Automated Equipment &amp; Contract Manufacturing</b>	<b>Information Technology &amp; Intelligent Sortation System</b>	<b>Adjustment</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External Revenue	14,480	668	-	15,149
Inter-segment revenue	2,390	101	(2,492)	-
<b>Total revenue</b>	<b>16,871</b>	<b>770</b>	<b>(2,492)</b>	<b>15,149</b>
<b>Results</b>				
Segment results	2,978	(1,739)	(4)	1,234
Finance cost	(161)	(566)	-	(727)
<b>Profit/(Loss) before taxation</b>	<b>2,817</b>	<b>(2,305)</b>	<b>(4)</b>	<b>508</b>
Taxation	(5)	(5)	(1)	(11)
<b>Profit/(Loss) after taxation</b>	<b>2,812</b>	<b>(2,310)</b>	<b>(5)</b>	<b>497</b>

**Results for the period ended 31 March 2010**

	<b>Automated Equipment &amp; Contract Manufacturing</b>	<b>Information Technology &amp; Intelligent Sortation System</b>	<b>Adjustment</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External Revenue	16,107	3,193	-	19,300
Inter-segment revenue	831	294	(1,125)	-
<b>Total revenue</b>	<b>16,938</b>	<b>3,487</b>	<b>(1,125)</b>	<b>19,300</b>
<b>Results</b>				
Segment results	(207)	(1,883)	323	(1,768)
Finance cost	(242)	(637)	(82)	(960)
<b>Profit/(Loss) before taxation</b>	<b>(449)</b>	<b>(2,520)</b>	<b>241</b>	<b>(2,728)</b>
Taxation	(5)	(5)	(1)	(11)
<b>Profit/(Loss) after taxation</b>	<b>(454)</b>	<b>(2,525)</b>	<b>240</b>	<b>(2,739)</b>

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)  
Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**11 Events Subsequent to the End of the Period**

Other than the corporate proposal disclosed in Note 20 below, there were no material events subsequent to the end of the period under review that have not been reflected in the interim financial statements.

**12 Review of Performance**

The Group achieved lower revenue at RM15.1 million in the current quarter as compared to RM19.3 million in the previous corresponding quarter. The lower revenue was a result of the Group’s decision to scale down its contract manufacturing business unit to focus on its core competencies in designing and manufacturing of standard equipment.

Notwithstanding the above, the Group achieved a profit before tax of RM508,000 as compared to the loss before tax of RM2.7 million in the previous corresponding quarter due to improvement in operational efficiency and leaner cost structure.

**13 Material Changes in the Quarterly Results as Compared with the Preceding Quarter**

The Group achieved lower revenue at RM15.1 million for the first quarter as compared to the revenue of RM22.1 million for the preceding quarter ended 31 December 2010. The lower revenue achieved was due to lower demand for automated equipment from semiconductor market.

In spite of the above, the Group recorded a profit before tax of RM508,000 against RM22.5 million loss before tax in the preceding quarter. The loss suffered in the preceding quarter was mainly due to impairment made to the realizable values of properties and machineries that were subsequently disposed and provision for losses on subordinated bond and inventories.

**14 Current Year Prospect**

The Group’s revenue in year 2011 is dependant upon the future prospect of the electronic industry. However, the Group has been taking steps to further diversify into broader base product and business portfolio to enhance its business performance. Barring any unforeseen circumstances, the Group is cautiously optimistic of achieving better business performance in 2011.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**15 Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued by the Group.

**16 Taxation**

The taxation charge for the current quarter and year to date is as follows –

	<b>Current Quarter</b>	<b>Current Year to Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax payable	(11)	(11)
	<hr/>	<hr/>
	(11)	(11)

**17 Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments during the period under review. Save as disclosed in Note 20 below, there were no other sales of properties during the period under review.

**18 Purchase or Disposal of Quoted Securities**

The Group is currently not holding any quoted securities and there were no purchase or disposal of quoted securities for the period under review.

**19 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the period under review.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)  
Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**20 Corporate Proposals**

On 15 October 2010, the Group through its two wholly-owned subsidiaries had entered into separate agreements with Benchmark Electronics (M) Sdn Bhd ("Benchmark") to dispose off the following assets :-

(a) Disposal of two parcels of leasehold land and factory buildings erected thereon by Pentamaster Technology Sdn Bhd for a cash consideration of RM42 million; and

(b) Disposal of certain computerised numerical control fabrication machinery and equipment by Pentamaster Equipment Manufacturing Sdn Bhd for a cash consideration of RM8 million.

(hereinafter referred to as the “Proposed Disposal”).

The Proposed Disposal had been approved by the shareholders via an Extraordinary General Meeting of the Company held on 6 January 2011. The Company delivered vacant possession to Benchmark on 17 January 2011. Subsequently, the Company had on 9 May 2011 received the final balance sum (after payment of redemption sum to the chargee) of the purchase consideration for the disposal of the land and buildings which had been held by its solicitors pending the registration of the transfer of the land and buildings to Benchmark. The Company had also on 10 May 2011 received the 10% withholding sum held back by Benchmark pursuant to the terms of the transaction.

There were no other corporate proposals announced but not completed as at the date of this announcement.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**21 Borrowings**

The Group’s borrowings as at the end of the reporting quarter are as follows:-

	RM'000
<u>Short term borrowings (unsecured)</u>	
Banker's acceptance and receivable factoring	2,938
Term loan	26,000
	28,938
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	5,195
Term loan	1,440
	6,635
Total	35,573
<u>Long term borrowings</u>	
Term loan – secured	3,784
Total	3,784
Total utilization	39,357

All borrowings are denominated in Ringgit Malaysia.

**22 Derivative Financial Instruments**

As at the date of the statement of financial position 31 March 2011, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM)	Fair value Net gain (RM)	Purpose
Currency forward contracts: -Less than 1 year	6,645,481	202,120	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2011, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group’s risk management objectives, policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

**23 Disclosure of Realised and Unrealised Profits/Losses**

	As at 31/3/2011 (RM'000)	As at 31/12/2010 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(31,310)	(31,419)
- Unrealised	20	(372)
	(31,290)	(31,791)
Add: Consolidation adjustment	11,236	11,148
Accumulated losses as per financial statements	(20,054)	(20,643)

**24 Material Litigations**

There was no material litigation since the last annual balance sheet date until the date of this announcement.

**25 Dividends**

The Board of Directors does not recommend any dividend in respect of the quarter ended 31 March 2011.

**26 Profit/(Loss) Per Share**

(a) Basic Profit/(Loss) Per Share

The calculation of basic profit/(loss) per share for the period is based on the net profit/(loss) attributable to ordinary shareholders for the quarter and the financial period divided by the weighted average number of ordinary shares in issue during the period of 133,243,050 (2010 : 133,243,050).

(b) Diluted Profit/(Loss) Per Share

The basic and diluted profit/(loss) per share for the current financial period are the same as there is no dilutive potential ordinary shares during the period.

The effect on the basic loss per share for the previous corresponding financial period arising from the assumed exercise of employees share options was anti-dilutive. Accordingly, the diluted loss per share in the previous corresponding period is equal to the basic loss per share.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 31 March 2011**

BY ORDER OF THE BOARD

**LIM KIM TECK**  
Secretary  
23 May 2011