

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2011

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/6/2011 RM'000	30/6/2010 RM'000	30/6/2011 RM'000	30/6/2010 RM'000
Revenue		16,915	22,471	32,063	41,771
Cost of goods sold		(13,582)	(17,894)	(26,076)	(34,709)
Gross profit		<u>3,333</u>	<u>4,577</u>	<u>5,987</u>	<u>7,062</u>
Other income		973	1,096	1,759	1,796
Administrative expenses		(2,164)	(3,294)	(3,997)	(6,087)
Distribution costs		(545)	(400)	(913)	(1,600)
Other expenses		(23)	(237)	(27)	(1,197)
Operating profit/(loss)		<u>1,574</u>	<u>1,742</u>	<u>2,809</u>	<u>(26)</u>
Finance costs		(450)	(908)	(1,177)	(1,868)
Profit/(Loss) before taxation		<u>1,124</u>	<u>834</u>	<u>1,632</u>	<u>(1,894)</u>
Taxation		(11)	(45)	(22)	(56)
Profit/(Loss) for the period		<u>1,113</u>	<u>789</u>	<u>1,610</u>	<u>(1,950)</u>
Profit/(Loss) attributable to :					
Owners of the Parent		1,376	534	1,966	(2,050)
Non-controlling interests		(263)	255	(356)	100
		<u>1,113</u>	<u>789</u>	<u>1,610</u>	<u>(1,950)</u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		1.03	0.40	1.48	(1.54)
- 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 30 JUNE 2011

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	1,113	789	1,610	(1,950)
Other comprehensive income:				
Translation of foreign operations	-	(5)	3	(10)
Other comprehensive income net of tax	-	(5)	3	(10)
Total comprehensive income for the period	1,113	784	1,613	(1,960)
Total comprehensive income attributable to:				
Owners of the Parent	1,376	529	1,969	(2,060)
Non-controlling interests	(263)	255	(356)	100
	1,113	784	1,613	(1,960)

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 30 JUNE 2011

	Unaudited As at 30/6/2011 RM'000	Audited As at 31/12/2010 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	50,384	52,121
Available-for-sale investments	1,360	1,360
Intangible assets	11,810	13,856
	<u>63,554</u>	<u>67,337</u>
Current Assets		
Inventories	6,554	8,620
Trade receivables	16,188	16,775
Other receivables, deposits & prepayments	1,748	3,027
Derivative financial instruments	117	188
Tax recoverable	24	85
Cash and bank balances	5,306	6,148
Assets classified as held for sale	-	48,194
	<u>29,937</u>	<u>83,037</u>
TOTAL ASSETS	<u><u>93,491</u></u>	<u><u>150,374</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(13,698)	(15,667)
	<u>52,924</u>	<u>50,955</u>
Non-Controlling interest	948	1,304
Total Equity	<u>53,872</u>	<u>52,259</u>
Non Current Liabilities		
Term loans	3,422	4,145
Deferred income	9,105	10,590
Deferred tax liabilities	1,850	1,850
	<u>14,377</u>	<u>16,585</u>
Current Liabilities		
Trade payables	6,903	19,076
Other payables and accruals	8,174	13,808
Provision for taxation	2	1
Short term borrowings	10,163	48,645
	<u>25,242</u>	<u>81,530</u>
Total Liabilities	<u>39,619</u>	<u>98,115</u>
TOTAL EQUITY AND LIABILITIES	<u><u>93,491</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 30 JUNE 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	
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	1,966	1,969	(356)	1,613
As at 30 June 2011	<u>66,622</u>	<u>4,865</u>	<u>114</u>	<u>(18,677)</u>	<u>52,924</u>	<u>948</u>	<u>53,872</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	
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)	(2,050)	(2,054)	100	(1,954)
As at 30 June 2010	<u>66,622</u>	<u>4,865</u>	<u>112</u>	<u>3,416</u>	<u>75,015</u>	<u>1,390</u>	<u>76,405</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 30 JUNE 2011

	6 Months ended 30/6/2011 RM'000	6 Months ended 30/6/2010 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	1,632	(1,894)
Adjustments for -		
Amortisation of intangible assets	2,046	1,567
Allowance for doubtful debts	61	-
Deferred income released	(1,484)	(1,267)
Depreciation	1,445	3,082
Interest expense	1,176	1,869
Interest income	(251)	(28)
Inventory written off	-	33
Impairment loss on inventory	-	(185)
Reversal of Impairment loss on assets classified as held for sale	(9,114)	-
Loss/(Gain) on disposal of property, plant and equipment	9,114	(132)
Other non-cash movements	71	(42)
Provision for slow moving stock	274	(44)
Provision for warranty cost	-	(171)
Fixed assets written off	292	-
Unrealised (gain)/loss on foreign exchange	(351)	180
Operating profit before working capital changes	<u>4,911</u>	<u>2,968</u>
Changes in working capital		
Inventories	1,792	(1,855)
Receivables	2,182	(5,287)
Payables	(17,832)	11,115
Cash (used)/generated in/from operations	<u>(8,947)</u>	<u>6,941</u>
Interest paid	(1,176)	(1,869)
Grant received	-	1,051
Tax refund	62	65
Tax paid	(22)	(22)
Net cash (used)/generated in/from operating activities	<u>(10,083)</u>	<u>6,166</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2011

	6 Months ended 30/6/2011 RM'000	6 Months ended 30/6/2010 RM'000
Cash Flows From Investing Activities		
Interest received	251	28
Development expenditure	-	(1,171)
Proceeds from disposal of property, plant & equipment	48,194	379
Purchase of property, plant and equipment	-	(2)
Net cash inflow/(outflow) from investing activities	<u>48,445</u>	<u>(766)</u>
Cash Flows From Financing Activities		
Short term borrowings	(3,051)	(1,817)
Proceeds from term loan drawdown	-	1,523
Repayment of term loan	(36,155)	(5,676)
Net cash outflow from financing activities	<u>(39,206)</u>	<u>(5,970)</u>
Net Increase In Cash And Cash Equivalents	(844)	(570)
Cash And Cash Equivalents As At 1 January	6,147	4,699
Foreign exchange differences on opening balance	3	(9)
Cash And Cash Equivalents As At 30 June	<u><u>5,306</u></u>	<u><u>4,120</u></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 30 June 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 30 June 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 30 June 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 30 June 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 30 June 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 RM10.1 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 30 June 2011

10 Segmental Information

Results for the period ended 30 June 2011

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	30,892	1,172	-	32,064
Inter-segment revenue	3,118	140	(3,257)	-
Total revenue	34,009	1,312	(3,257)	32,064
Results				
Segment results	6,243	(3,306)	(128)	2,809
Finance cost	(223)	(954)	-	(1,177)
Profit/(Loss) before taxation	6,020	(4,260)	(128)	1,632
Taxation	(10)	(10)	(2)	(22)
Profit/(Loss) after taxation	6,010	(4,270)	(130)	1,610

Results for the period ended 30 June 2010

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	34,421	7,350	-	41,771
Inter-segment revenue	3,220	507	(3,727)	-
Total revenue	37,641	7,856	(3,727)	41,771
Results				
Segment results	867	(1,446)	554	(25)
Finance cost	(479)	(1,251)	(139)	(1,869)
Profit/(Loss) before taxation	388	(2,697)	415	(1,894)
Taxation	(9)	(44)	(2)	(56)
Profit/(Loss) after taxation	378	(2,741)	413	(1,950)

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 June 2011**

11 Events Subsequent to the End of the Period

There are 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 recorded lower revenue at RM16.9 million in the current quarter as compared to RM22.5 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 RM1.1 million as compared to RM834,000 in the previous corresponding quarter due to the Group’s focus on projects with better profit margin and a leaner cost structure.

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

The Group achieved higher revenue at RM16.9 million for the second quarter as compared to revenue of RM15.1 million for the preceding quarter ended 31 March 2011. The higher revenue achieved was mainly contributed by the improvement in demand for automated equipment from semiconductor market.

Consequently, the Group recorded a higher profit before tax at RM1.1 million as compared to RM508,000 in the preceding quarter due to the higher revenue achieved as well as the continuous effort undertaken by the Group to improve its operational efficiency.

14 Current Year Prospect

The Group’s revenue is dependent upon the future prospect of the electronics industry. However, the Group’s new unique product - Glove Unique Reprocessing Unit (GURU) is expected to contribute to the business performance of the Group in the second half of the financial year.

Barring any unforeseen circumstances, the Group is cautiously optimistic of achieving better business performance in 2011.

15 Profit Forecast or Profit Guarantee

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

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 June 2011

16 Taxation

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

	Current Quarter	Current Year to Date
	RM’000	RM’000
Income tax payable	(11)	(22)
	<hr/>	<hr/>
	(11)	(22)

17 Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments or 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.

20 Corporate Proposals

There were no 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 30 June 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	1,823
Term loan	3,500
	5,323
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	3,400
Term loan	1,440
	4,840
Total	10,163
<u>Long term borrowings</u>	
Term loan - secured	3,422
Total	3,422
Total utilisation	13,585

All borrowings are denominated in Ringgit Malaysia.

22 Derivative Financial Instruments

As at the date of the statement of financial position 30 June 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	18,347,020	117,343	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 June 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 30 June 2011

23 Disclosure of Realised and Unrealised Profits/Losses

	As at 30/6/2011 (RM'000)	As at 31/3/2011 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(30,172)	(31,310)
- Unrealised	(1)	20
	(30,173)	(31,290)
Add: Consolidation adjustment	11,496	11,236
Accumulated losses as per financial statements	(18,677)	(20,054)

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 30 June 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 30 June 2011

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
15 August 2011