

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Year Ended	
		31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Revenue		16,159	15,049	56,896	63,238
Cost of goods sold		(11,919)	(12,148)	(47,188)	(51,519)
Gross profit		<u>4,240</u>	<u>2,901</u>	<u>9,708</u>	<u>11,719</u>
Other income		65	1,676	2,501	6,250
Administrative expenses		(5,528)	(3,967)	(11,727)	(12,341)
Distribution costs		(512)	(314)	(1,980)	(1,928)
Other expenses		(1)	(30)	(19)	(59)
Operating (loss)/profit		<u>(1,736)</u>	<u>266</u>	<u>(1,517)</u>	<u>3,641</u>
Finance costs		(148)	(102)	(566)	(1,496)
(Loss)/Profit before taxation		<u>(1,884)</u>	<u>164</u>	<u>(2,083)</u>	<u>2,145</u>
Taxation		-	1,752	(52)	1,830
(Loss)/Profit for the year		<u><u>(1,884)</u></u>	<u><u>1,916</u></u>	<u><u>(2,135)</u></u>	<u><u>3,975</u></u>
(Loss)/Profit attributable to :					
Owners of the Parent		(1,445)	2,180	(1,333)	4,972
Non-controlling interests		(439)	(264)	(802)	(997)
		<u><u>(1,884)</u></u>	<u><u>1,916</u></u>	<u><u>(2,135)</u></u>	<u><u>3,975</u></u>
(Loss)/Earnings per share attributable to owners of the parent (sen) :-					
- Basic		(1.08)	1.64	(1.00)	3.73
- 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 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Year Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the year	(1,884)	1,916	(2,135)	3,975
Other comprehensive income:				
Translation of foreign operations	1	(4)	8	(40)
Other comprehensive income net of tax	<u>1</u>	<u>(4)</u>	<u>8</u>	<u>(40)</u>
Total comprehensive (loss)/income for the year	<u>(1,883)</u>	<u>1,912</u>	<u>(2,127)</u>	<u>3,935</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(1,444)	2,176	(1,325)	4,932
Non-controlling interests	(439)	(264)	(802)	(997)
	<u>(1,883)</u>	<u>1,912</u>	<u>(2,127)</u>	<u>3,935</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Unaudited As at 31/12/2012 RM'000	Audited As at 31/12/2011 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	46,562	49,353
Other investments	1,360	1,360
Intangible assets	5,884	8,574
	<u>53,806</u>	<u>59,287</u>
Current Assets		
Inventories	11,085	4,196
Trade receivables	19,353	13,868
Other receivables, deposits and prepayments	1,170	2,326
Tax recoverable	55	84
Derivative financial assets	11	-
Deposits, cash and bank balances	5,101	5,939
	<u>36,775</u>	<u>26,413</u>
Non current assets held for sale	360	640
	<u>37,135</u>	<u>27,053</u>
TOTAL ASSETS	<u><u>90,941</u></u>	<u><u>86,340</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(12,060)	(10,735)
	<u>54,562</u>	<u>55,887</u>
Non-Controlling interest	(495)	307
Total Equity	<u>54,067</u>	<u>56,194</u>
Non Current Liabilities		
Term loans	-	2,507
Deferred income	5,574	7,429
	<u>5,574</u>	<u>9,936</u>
Current Liabilities		
Trade payables	15,672	6,373
Other payables and accrued liabilities	4,986	8,475
Derivative financial liabilities	-	213
Short term bank borrowings	10,642	5,149
	<u>31,300</u>	<u>20,210</u>
Total Liabilities	<u>36,874</u>	<u>30,146</u>
TOTAL EQUITY AND LIABILITIES	<u><u>90,941</u></u>	<u><u>86,340</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 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	← 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 2012	66,622	4,865	71	(15,671)	55,887	307	56,194
Total comprehensive income/(loss) for the year	-	-	8	(1,333)	(1,325)	(802)	(2,127)
As at 31 December 2012	<u>66,622</u>	<u>4,865</u>	<u>79</u>	<u>(17,004)</u>	<u>54,562</u>	<u>(495)</u>	<u>54,067</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 2011	66,622	4,865	111	(20,643)	50,955	1,304	52,259
Total comprehensive income/(loss) for the year	-	-	(40)	4,972	4,932	(997)	3,935
As at 31 December 2011	<u>66,622</u>	<u>4,865</u>	<u>71</u>	<u>(15,671)</u>	<u>55,887</u>	<u>307</u>	<u>56,194</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 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	12 Months ended 31/12/2012 RM'000	12 Months ended 31/12/2011 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(2,083)	2,145
Adjustments for -		
Amortisation of intangible assets	2,690	4,087
Bad debts written off	8	-
Impairment loss on receivables	3,339	512
Reversal of impairment loss on receivables	(57)	(903)
Deferred income released	(1,855)	(3,787)
Depreciation	2,855	2,942
Dividend income	(81)	(81)
Inventories written off	111	368
Intangible assets written off	-	4
Interest expense	566	1,496
Interest income	(68)	(317)
Impairment loss on development cost	-	1,190
Loss on dissolution of subsidiaries	-	27
Gain on disposal of property, plant and equipment	(70)	(93)
(Gain)/Loss from change in fair value of forward foreign exchange contract	(224)	402
Provision for slow moving stock	(1,364)	(557)
Property, plant and equipment written off	-	644
Unrealised loss/(gain) on foreign exchange	79	(537)
Operating profit before working capital changes	<u>3,846</u>	<u>7,542</u>
(Increase)/Decrease in inventories	(5,636)	3,785
(Increase)/Decrease in receivables	(7,698)	3,842
Increase/(Decrease) in payables	5,811	(18,007)
Cash used in operations	<u>(3,677)</u>	<u>(2,838)</u>
Interest paid	(566)	(1,496)
Grant received	-	625
Tax paid	(22)	(21)
Net cash used in operating activities	<u>(4,265)</u>	<u>(3,730)</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2012**

	12 Months ended 31/12/2012 RM'000	12 Months ended 31/12/2011 RM'000
Cash Flows From Investing Activities		
Dividend received	81	81
Interest received	68	317
Proceeds from disposal of property, plant & equipment	350	48,298
Purchase of property, plant & equipment	(65)	-
Net cash generated from investing activities	<u>434</u>	<u>48,696</u>
Cash Flows From Financing Activities		
Short term borrowings obtained/(repaid)	6,367	(4,757)
Net term loan repaid	(3,382)	(40,377)
Net cash generated from/(used in) financing activities	<u>2,985</u>	<u>(45,134)</u>
Net Decrease In Cash And Cash Equivalents	(846)	(168)
Cash And Cash Equivalents Brought Forward	5,939	6,147
Foreign currency exchange differences on opening balance	<u>8</u>	<u>(40)</u>
Cash And Cash Equivalents Carried Forward	<u><u>5,101</u></u>	<u><u>5,939</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 2011.

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

Notes To The Interim Financial Report For Quarter Ended 31 December 2012

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 31 December 2012 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 2011.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. The transition from the previous FRSs to the new MFRSs has no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

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 2011 was not subject to any qualification.

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.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012**

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 December 2012, the Company has issued corporate guarantees amounting to RM24.5 million (31.12.11: RM24.5 million) as security for banking facilities granted to the Company and its subsidiaries of which RM10.6 million (31.12.11 : RM7.7 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 December 2012

10 Segmental Information

Results for the year ended 31 December 2012

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	52,064	4,751	81	56,896
Inter-segment revenue	2,492	627	(3,120)	(1)
Total revenue	54,556	5,379	(3,039)	56,895
Results				
Segment results	1,646	(2,772)	(391)	(1,517)
Finance cost	(240)	(326)	-	(566)
Profit/(Loss) before taxation	1,406	(3,098)	(391)	(2,083)
Taxation	(41)	(10)	(1)	(52)
Profit/(Loss) after taxation	1,364	(3,108)	(392)	(2,135)

Results for the year ended 31 December 2011

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	57,991	5,166	81	63,238
Inter-segment revenue	3,804	316	(4,120)	-
Total revenue	61,795	5,482	(4,039)	63,238
Results				
Segment results	6,603	(2,589)	(373)	3,641
Finance cost	(285)	(1,211)	-	(1,496)
Profit/(Loss) before taxation	6,318	(3,800)	(373)	2,145
Taxation	1,808	20	2	1,830
Profit/(Loss) after taxation	8,126	(3,780)	(371)	3,975

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012

11 Loss Before Tax

	Current Quarter	Current Year to Date
	RM'000	RM'000
Loss before tax is arrived at after crediting/(charging):		
Interest income	15	68
Interest expense	(148)	(566)
Depreciation and amortisation	(730)	(3,091)
Impairment loss on receivables	(3,311)	(3,339)
Reversal of impairment loss on receivables	5	57
Reversal of write-down of inventories	194	1,364
Inventories written off	(111)	(111)
Foreign exchange gain/(loss)	67	(69)
(Loss)/Gain on derivatives	(50)	224

12 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.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012

13 Review of Performance

The Group recorded higher revenue at RM16.2 million in the current quarter as compared to RM15.0 million registered in the corresponding quarter last year. The higher revenue achieved was due to the increase in sales orders from the automated equipment and contract manufacturing operating segment which was offset by the lower revenue contribution from information technology and intelligent sortation system operating segment. Despite the higher revenue achieved, the Group recorded a loss before tax of RM1.8 million in the current quarter as compared to the profit before tax of RM0.2 million in the previous corresponding quarter mainly due to the impairment of trade debtors made during the quarter.

Performance of the respective operating segments for the current quarter as compared to the previous corresponding quarter is analysed as follows:-

1) Automated equipment and contract manufacturing

The increase in revenue by RM3.7 million (32.6%) to RM15.2 million as compared to the previous corresponding quarter was mainly due to the increase in sales orders for automated equipment from semiconductor market. Despite the higher revenue achieved, this segment recorded a higher loss before tax of RM0.9 million in the current quarter as compared to the loss before tax of RM64,000 in the previous corresponding quarter mainly due to the impairment of trade debtors made during the quarter.

2) Information technology and intelligent sortation system

Revenue from this segment was RM2.6 million (73.6%) lower than the previous corresponding quarter mainly due to lower demand for material handling and distribution system in the current quarter. As a result, this segment recorded a loss before tax of RM0.8 million in the current quarter as compared to the profit before tax of RM0.2 million in the previous corresponding quarter mainly due to lower revenue achieved.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012**

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

For the fourth quarter ended 31 December 2012, the Group achieved higher revenue at RM16.2 million as compared to the revenue of RM15.8 million in the preceding quarter. The higher revenue achieved was due to the increase in sales orders from the automated equipment and contract manufacturing operating segment which was slightly offset by the lower revenue contribution from information technology and intelligent sortation system operating segment. Despite the higher revenue achieved, the Group recorded a loss before tax of RM1.8 million as compared to the profit before tax of RM0.5 million in the preceding quarter mainly due to impairment of trade debtors made during the quarter.

Performance of the respective operating segments for the fourth quarter ended 31 December 2012 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment and contract manufacturing

The increase in revenue by RM0.6 million (4.3%) to RM15.2 million as compared to the preceding quarter was mainly due to the increase in sales orders from semiconductor market. With the impairment of trade debtors made during the quarter, this segment recorded a loss before tax of RM0.9 million as compared to profit before tax of RM1.6 million in the preceding quarter.

2) Information technology and intelligent sortation system

Revenue from this segment was RM0.2 million (20.5%) lower than the preceding quarter mainly due to lower demand for material handling and distribution system as well as reduction in sales from ICT solution in the current quarter. Despite the lower revenue achieved, this segment recorded a lower loss before tax of RM0.8 million in the current quarter as compared to the loss before tax of RM0.9 million in the preceding quarter due to better product mix with higher margin achieved.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012

15 Current Year Prospect

Albeit the global slowdown from the semiconductor market, the wireless segment is set to expand as one of the most important semiconductor revenue driver over the next fiscal year for Pentamaster. This is due to the increase in demand for machines to be deployed for the manufacturing of smart phones and tablet components.

The management is cautiously optimistic on the growth prospect of the company for the year 2013.

16 Profit Forecast or Profit Guarantee

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

17 Taxation

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

	Current Quarter	Current Year to
	RM'000	Date
		RM'000
Income tax payable	-	(52)
	-	(52)

18 Changes in the Composition of the Group

There were no changes in the composition of the Group.

19 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 31 December 2012

20 Borrowings

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

	RM'000
<u>Short term borrowings (unsecured)</u>	
Receivable factoring	2,777
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	7,107
Term loan	758
	<u>7,865</u>
Total	<u>10,642</u>
Total utilisation	10,642

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 31 December 2012, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM)	Fair value Net gain/(loss) (RM)	Purpose
Currency forward contracts: -Less than 1 year	5,241,186	10,729	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 December 2012, 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 December 2012

22 Disclosure of Realised and Unrealised Profits/Losses

	As at 31/12/2012 (RM'000)	As at 30/9/2012 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(47,455)	(46,327)
- Unrealised	142	111
	(47,313)	(46,216)
Add: Consolidation adjustment	30,309	30,657
Accumulated losses as per financial statements	(17,004)	(15,559)

23 Material Litigations

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

24 Dividends

The Board of Directors does not recommend any dividend in respect of the financial year ended 31 December 2012.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2012**

25 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.

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
26 February 2013