

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000
Revenue	12,161	15,775	50,646	40,737
Cost of goods sold	(10,290)	(13,179)	(41,543)	(35,269)
Gross profit	1,871	2,596	9,103	5,468
Other income	826	761	2,419	2,436
Administrative expenses	(1,663)	(2,107)	(6,306)	(6,199)
Distribution costs	(472)	(550)	(2,032)	(1,468)
Other expenses	(9)	(7)	(33)	(18)
Operating profit	553	693	3,151	219
Finance costs	(90)	(155)	(286)	(418)
Profit/(Loss) before taxation	463	538	2,865	(199)
Taxation	(149)	(1)	(237)	(52)
Profit/(Loss) for the period	314	537	2,628	(251)
Profit/(Loss) attributable to :				
Owners of the Parent	48	606	2,113	112
Non-controlling interests	266	(69)	515	(363)
	314	537	2,628	(251)
Profit/(Loss) per share attributable to owners of the parent (sen) :-				
- Basic	0.04	0.45	1.59	0.08
- 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 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	314	537	2,628	(251)
Other comprehensive income:				
Translation of foreign operations	(26)	2	(40)	7
Other comprehensive income net of tax	<u>(26)</u>	<u>2</u>	<u>(40)</u>	<u>7</u>
Total comprehensive income/(loss) for the period	<u>288</u>	<u>539</u>	<u>2,588</u>	<u>(244)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	22	608	2,073	119
Non-controlling interests	266	(69)	515	(363)
	<u>288</u>	<u>539</u>	<u>2,588</u>	<u>(244)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2013**

	Unaudited As at 30/9/2013 RM'000	Audited As at 31/12/2012 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	44,991	46,562
Other investments	1,360	1,360
Intangible assets	3,124	5,884
	<u>49,475</u>	<u>53,806</u>
Current Assets		
Inventories	8,160	11,085
Trade receivables	13,850	19,353
Other receivables, deposits and prepayments	2,373	1,170
Tax recoverable	68	55
Derivative financial assets	-	11
Deposits, cash and bank balances	4,829	5,101
	<u>29,280</u>	<u>36,775</u>
Non current assets held for sale	-	360
	<u>29,280</u>	<u>37,135</u>
TOTAL ASSETS	<u><u>78,755</u></u>	<u><u>90,941</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(9,987)	(12,060)
	<u>56,635</u>	<u>54,562</u>
Non-Controlling interest	20	(495)
Total Equity	<u>56,655</u>	<u>54,067</u>
Non Current Liabilities		
Hire-purchase payables	214	-
Deferred income	3,180	5,574
	<u>3,394</u>	<u>5,574</u>
Current Liabilities		
Trade payables	6,466	15,672
Other payables and accrued liabilities	5,536	4,986
Derivative financial liabilities	249	-
Short term bank borrowings	6,385	10,642
Provision for taxation	70	-
	<u>18,706</u>	<u>31,300</u>
Total Liabilities	<u>22,100</u>	<u>36,874</u>
TOTAL EQUITY AND LIABILITIES	<u><u>78,755</u></u>	<u><u>90,941</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 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	← 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 2013	66,622	4,865	79	(17,004)	54,562	(495)	54,067
Total comprehensive income/(loss) for the period	-	-	(40)	2,113	2,073	515	2,588
As at 30 September 2013	<u>66,622</u>	<u>4,865</u>	<u>39</u>	<u>(14,891)</u>	<u>56,635</u>	<u>20</u>	<u>56,655</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 2012	66,622	4,865	71	(15,671)	55,887	307	56,194
Total comprehensive income/(loss) for the period	-	-	7	112	119	(363)	(244)
As at 30 September 2012	<u>66,622</u>	<u>4,865</u>	<u>78</u>	<u>(15,559)</u>	<u>56,006</u>	<u>(56)</u>	<u>55,950</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 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	9 Months ended 30/9/2013 RM'000	9 Months ended 30/9/2012 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	2,865	(199)
Adjustments for -		
Amortisation of intangible assets	2,908	3,242
Bad debts written off	-	8
Impairment loss on receivables	48	28
Reversal of Impairment loss on receivables	(753)	(52)
Deferred income released	(2,394)	(2,258)
Depreciation	2,136	2,154
Dividend income	(55)	(81)
Interest expense	286	418
Interest income	-	(52)
Inventory written off	615	-
Gain on disposal of property, plant and equipment	(48)	-
Loss/(Gain) from change in fair value of forward foreign exchange contract	260	(274)
Reversal of write down of inventories	(1,831)	(1,170)
Unrealised (gain)/loss on foreign exchange	(221)	153
Operating profit before working capital changes	<u>3,816</u>	<u>1,917</u>
Decrease/(Increase) in inventories	4,141	(2,162)
Decrease/(Increase) in receivables	4,912	(6,724)
(Decrease)/Increase in payables	(8,657)	1,790
Cash generated from/(used in) operations	<u>4,212</u>	<u>(5,179)</u>
Interest paid	(286)	(418)
Tax paid	(181)	(72)
Net cash generated from/(used in) operating activities	<u>3,745</u>	<u>(5,669)</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

	9 Months ended 30/9/2013 RM'000	9 Months ended 30/9/2012 RM'000
Cash Flows From Investing Activities		
Dividend received	55	81
Interest received	-	52
Proceeds from disposal of property, plant & equipment	723	-
Purchase of property, plant & equipment	(327)	(25)
Net cash generated from investing activities	<u>451</u>	<u>108</u>
Cash Flows From Financing Activities		
Short term borrowings (repaid)/obtained	(3,627)	5,266
Repayment of hire-purchase liabilities	(43)	-
Net term loan repaid	(758)	(1,086)
Net cash (used in)/generated from financing activities	<u>(4,428)</u>	<u>4,180</u>
Net Decrease In Cash And Cash Equivalents	(232)	(1,381)
Cash And Cash Equivalents Brought Forward	5,101	5,939
Foreign currency exchange differences on opening balance	(40)	7
Cash And Cash Equivalents Carried Forward	<u>4,829</u>	<u>4,565</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 2012.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 30 September 2013

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 30 September 2013 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 2012.

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 2012 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 30 September 2013

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 September 2013, the Company has issued corporate guarantees amounting to RM27.0 million (31.12.12: RM24.5 million) as security for banking facilities granted to the Company and its subsidiaries of which RM6.26 million (31.12.12 : RM10.6 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 September 2013****10 Segmental Information****Results for the period ended 30 September 2013**

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	37,567	13,024	55	50,646
Inter-segment revenue	1,398	94	(1,492)	-
Total revenue	<u>38,965</u>	<u>13,118</u>	<u>(1,437)</u>	<u>50,646</u>
Results				
Segment results	3,404	17	(270)	3,151
Finance cost	(184)	(102)	-	(286)
Profit/(Loss) before taxation	<u>3,220</u>	<u>(85)</u>	<u>(270)</u>	<u>2,865</u>
Taxation	(252)	14	1	(237)
Profit/(Loss) after taxation	<u>2,968</u>	<u>(71)</u>	<u>(269)</u>	<u>2,628</u>

Results for the period ended 30 September 2012

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	32,453	8,203	81	40,737
Inter-segment revenue	1,887	782	(2,669)	-
Total revenue	<u>34,340</u>	<u>8,985</u>	<u>(2,588)</u>	<u>40,737</u>
Results				
Segment results	1,520	(1,003)	(298)	219
Finance cost	(162)	(256)	-	(418)
Profit/(Loss) before taxation	<u>1,358</u>	<u>(1,259)</u>	<u>(298)</u>	<u>(199)</u>
Taxation	(40)	(11)	(1)	(52)
Profit/(Loss) after taxation	<u>1,318</u>	<u>(1,270)</u>	<u>(299)</u>	<u>(251)</u>

PENTAMASTER CORPORATION BERHAD (572307-U)**(“Company”)****Notes To The Interim Financial Report For Quarter Ended 30 September 2013****11 Profit Before Tax**

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):		
Interest expense	(90)	(286)
Depreciation and amortisation	(745)	(2,194)
Impairment loss on receivables	(28)	(48)
Reversal of impairment loss on receivables	503	753
Reversal of written down of inventories	1,063	1,831
Inventories written off	(615)	(615)
Foreign exchange gain	26	251
Loss on derivatives	(66)	(260)

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 30 September 2013

13 Review of Performance

The Group recorded lower revenue at RM12.2 million in the current quarter as compared to RM15.8 million registered in the corresponding quarter last year. The lower revenue achieved was due to the decrease in sales orders from the automated equipment operating segment which was slightly offset by the higher revenue contribution from the automated manufacturing solution operating segment. Despite the lower revenue recorded, the Group achieved a profit before tax of RM0.4 million in the current quarter as compared to RM0.5 million achieved in the previous corresponding quarter. This was mainly contributed by the reversal of impairment loss on trade receivables coupled with a better product mix 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

The decrease in revenue by RM4.0 million to RM8.5 million as compared to the previous corresponding quarter was mainly due to the lower demand for automated equipment as a result of the global slowdown in the semiconductor market in the current quarter. Despite the lower revenue achieved, this segment was still able to record a profit before tax of RM0.5 million due to the reversal of impairment loss on receivables coupled with a better product mix during the quarter.

2) Automated manufacturing solution

Revenue from this segment was RM0.4 million higher than the previous corresponding quarter mainly due to the demand for the integrated manufacturing solution from new customers in the semiconductor market. Accordingly, this segment recorded a marginal profit before tax of RM96,000 in the current quarter as compared to the loss before tax of RM0.5 million in the previous corresponding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 30 September 2013

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

For the third quarter ended 30 September 2013, the Group achieved lower revenue at RM12.2 million as compared to the revenue of RM17.3 million in the preceding quarter. The lower revenue achieved was due to decrease in sales orders from the automated equipment operating segment as well as the automated manufacturing solution operating segment. Consequently, the Group recorded a lower profit before tax of RM0.4 million as compared to RM0.9 million in the preceding quarter.

Performance of the respective operating segments for the third quarter ended 30 September 2013 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The decrease in revenue by RM4.3 million to RM8.5 million was mainly due to the deferment of orders by certain customers as a result of the global slowdown in the semiconductor market. Accordingly, this segment recorded a lower profit before tax of RM0.4 million as compared to RM1.1 million achieved in the preceding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM0.8 million lower than the preceding quarter mainly due to lower demand for the integrated manufacturing solution from semiconductor market in the current quarter. This segment recorded a marginal profit before tax of RM96,000 in the current quarter as compared to the loss before tax of RM0.2 million in the previous corresponding quarter. The loss in the previous corresponding quarter was mainly due to the additional sub contract charges incurred for rework purposes in certain projects which was not a recurring expense in the current quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 30 September 2013

15 Current Year Prospect

We will continue to strengthen the market position and expand the customer base and simultaneously continue to adopt the outsourcing model for purpose of effective cost management. Subject to the external market conditions and macroeconomic factors, the Company believes that its performance will continue to grow positively with better controllable cost structure in place and wider sales market base.

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	RM'000
Income tax payable	(149)	(237)
	<hr/>	<hr/>
	(149)	(237)

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 30 September 2013****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	152
Hire purchase creditor	128
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	<u>6,105</u>
Total	<u><u>6,385</u></u>
<u>Long term borrowings</u>	
Hire purchase creditor	<u>214</u>
Total utilisation	<u>6,599</u>

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 30 September 2013, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM'000)	Fair value Net gain/(loss) (RM'000)	Purpose
Currency forward contracts: -Less than 1 year	5,456	(249)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 2013, 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 September 2013****22 Disclosure of Realised and Unrealised Profits/Losses**

	As at 30/9/2013 (RM'000)	As at 30/6/2013 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(44,693)	(45,000)
- Unrealised	8	-
	(44,685)	(45,000)
Add: Consolidation adjustment	29,794	30,084
Accumulated losses as per financial statements	(14,891)	(14,916)

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 quarter ended 30 September 2013.

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 (2012 : 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 September 2013

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
7 November 2013