

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	9/30/2014 RM'000	9/30/2013 RM'000	9/30/2014 RM'000	9/30/2013 RM'000
Revenue	22,307	12,161	58,754	50,646
Cost of goods sold	(16,644)	(10,290)	(44,847)	(41,543)
Gross profit	<u>5,663</u>	<u>1,871</u>	<u>13,907</u>	<u>9,103</u>
Other income	317	826	732	2,419
Administrative expenses	(2,667)	(1,663)	(8,160)	(6,306)
Distribution costs	(791)	(472)	(1,770)	(2,032)
Other expenses	(21)	(9)	(84)	(33)
Operating profit	<u>2,501</u>	<u>553</u>	<u>4,625</u>	<u>3,151</u>
Finance costs	(62)	(90)	(255)	(286)
Profit before taxation	<u>2,439</u>	<u>463</u>	<u>4,370</u>	<u>2,865</u>
Taxation	(394)	(149)	(727)	(237)
Profit for the period	<u>2,045</u>	<u>314</u>	<u>3,643</u>	<u>2,628</u>
Profit attributable to :				
Owners of the Parent	2,011	48	2,536	2,113
Non-controlling interests	34	266	1,107	515
	<u>2,045</u>	<u>314</u>	<u>3,643</u>	<u>2,628</u>
Profit per share attributable to owners of the parent (sen) :-				
- Basic	1.51	0.04	1.90	1.59
- 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 2013.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,045	314	3,643	2,628
Other comprehensive income:				
Translation of foreign operations	(1)	(26)	12	(40)
Other comprehensive loss net of tax	(1)	(26)	12	(40)
Total comprehensive income for the period	2,044	288	3,655	2,588
Total comprehensive income attributable to:				
Owners of the Parent	2,010	22	2,548	2,073
Non-controlling interests	34	266	1,107	515
	2,044	288	3,655	2,588

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2014**

	Unaudited As at 9/30/2014 RM'000	Audited As at 31/12/2013 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	42,360	44,313
Other investments	1,360	1,360
Intangible assets	3,724	3,400
	<u>47,444</u>	<u>49,073</u>
Current Assets		
Inventories	13,020	10,738
Trade receivables	16,476	18,684
Other receivables, deposits and prepayments	1,513	1,221
Tax recoverable	56	37
Derivative financial assets	4	-
Deposits, cash and bank balances	9,125	4,899
	<u>40,194</u>	<u>35,579</u>
TOTAL ASSETS	<u><u>87,638</u></u>	<u><u>84,652</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(7,160)	(9,715)
	<u>59,462</u>	<u>56,907</u>
Non-Controlling interest	1,079	(28)
Total Equity	<u>60,541</u>	<u>56,879</u>
Non Current Liabilities		
Hire-purchase payables	130	188
Deferred income	2,154	2,382
Deferred tax liabilities	1,118	720
	<u>3,402</u>	<u>3,290</u>
Current Liabilities		
Trade payables	11,657	10,465
Other payables and accrued liabilities	11,249	7,347
Derivative financial liabilities	183	164
Short term bank borrowings	606	6,507
	<u>23,695</u>	<u>24,483</u>
Total Liabilities	<u>27,097</u>	<u>27,773</u>
TOTAL EQUITY AND LIABILITIES	<u><u>87,638</u></u>	<u><u>84,652</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 2013.

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 2014

	← 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 2014	66,622	4,865	39	(14,619)	56,907	(28)	56,879
Opening balance adjustment				7	7		7
As restated	66,622	4,865	39	(14,612)	56,914	(28)	56,886
Total comprehensive income/(loss) for the period	-	-	12	2,536	2,548	1,107	3,655
As at 30 September 2014	66,622	4,865	51	(12,076)	59,462	1,079	60,541

	← 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	66,622	4,865	39	(14,891)	56,635	20	56,655

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	9 Months ended 9/30/2014 RM'000	9 Months ended 9/30/2013 RM'000
Cash Flows From Operating Activities		
Profit before taxation	4,370	2,865
Adjustments for -		
Amortisation of intangible assets	977	2,908
Impairment loss on receivables	-	48
Reversal of Impairment loss on receivables	(5)	(753)
Deferred income released	(630)	(2,394)
Depreciation	2,029	2,136
Dividend income	-	(55)
Interest expense	255	286
Interest income	(6)	-
Inventories written off	803	615
Gain on disposal of property, plant and equipment	(34)	(48)
(Gain)/Loss from change in fair value of forward foreign exchange contract	14	260
Reversal of write down of inventories	(1,480)	(1,831)
Unrealised loss/(gain) on foreign exchange	(72)	(221)
Operating profit before working capital changes	<u>6,221</u>	<u>3,816</u>
(Increase)/Decrease in inventories	(1,605)	4,141
Decrease in receivables	2,280	4,912
Increase/(Decrease) in payables	5,103	(8,657)
Cash generated from operations	<u>11,999</u>	<u>4,212</u>
Grant Received	403	-
Interest paid	(255)	(286)
Tax paid	(348)	(181)
Net cash generated from operating activities	<u>11,799</u>	<u>3,745</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 2014

	9 Months ended 9/30/2014 RM'000	9 Months ended 9/30/2013 RM'000
Cash Flows From Investing Activities		
Development expenditure paid	(703)	-
Dividend received	-	55
Interest received	6	-
Proceeds from disposal of property, plant & equipment	26	723
Purchase of property, plant & equipment	(357)	(327)
Purchase of intangible assets	(598)	-
Net cash (used in)/generated from investing activities	<u>(1,626)</u>	<u>451</u>
Cash Flows From Financing Activities		
Short term borrowings obtained/(repaid)	(5,865)	(3,627)
Repayment of hire-purchase liabilities	(94)	(43)
Net term loan repaid	-	(758)
Net cash used in financing activities	<u>(5,959)</u>	<u>(4,428)</u>
Net Decrease In Cash And Cash Equivalents	4,214	(232)
Cash And Cash Equivalents Brought Forward	4,899	5,101
Foreign currency exchange differences on opening balance	12	(40)
Cash And Cash Equivalents Carried Forward	<u>9,125</u>	<u>4,829</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 2013.

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

Notes To The Interim Financial Report For Quarter Ended 30 September 2014

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 2014 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 2013.

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 2013 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 2014

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 2014, the Company has issued corporate guarantees amounting to RM35.0 million (31.12.13: RM27.0 million) as security for banking facilities granted to the Company and its subsidiaries of which RM0.5 million (31.12.13 : RM6.4 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 2014

10 Segmental Information

Results for the period ended 30 September 2014

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	48,877	9,876	-	58,754
Inter-segment revenue	1,919	1,032	(2,951)	-
Total revenue	50,796	10,909	(2,951)	58,754
Results				
Segment results	6,354	(827)	(902)	4,625
Finance cost	(164)	(91)	-	(255)
Profit/(Loss) before taxation	6,190	(918)	(902)	4,370
Taxation	(734)	5	2	(727)
Profit/(Loss) after taxation	5,456	(913)	(900)	3,643

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	38,964	13,118	(1,437)	50,646
Results				
Segment results	3,404	17	(270)	3,151
Finance cost	(184)	(102)	-	(286)
Profit/(Loss) before taxation	3,220	(85)	(270)	2,865
Taxation	(252)	14	1	(237)
Profit/(Loss) after taxation	2,968	(71)	(269)	2,628

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

Notes To The Interim Financial Report For Quarter Ended 30 September 2014

11 Profit Before Tax

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):		
Interest income	4	6
Interest expense	(62)	(255)
Depreciation and amortisation	(744)	(2,309)
Reversal of impairment loss on receivables	-	5
Reversal of written down of inventories	548	1,480
Inventories written off	(503)	(803)
Foreign exchange gain	393	68
Loss on derivatives	(204)	(14)

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 2014

13 Review of Performance

The Group recorded higher revenue at RM22.3 million in the current quarter as compared to RM12.2 million registered in the corresponding quarter last year. The higher revenue recorded was due to increase in sales orders from both the automated equipment segment as well as the automated manufacturing solution operating segment as a result of higher demand from the semiconductor sector. Consequently, the Group recorded a higher profit before tax of RM2.4 million in the current quarter as compared to the profit before tax of RM0.5 million in the previous corresponding quarter mainly due to the increase in sales and better product mix in this reporting 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 increase in revenue by RM9.2 million to RM17.7 million as compared to the previous corresponding quarter was mainly contributed by higher demand for automated equipment from semiconductor market. With the increase in revenue and better product mix achieved, this segment recorded a higher profit before tax of RM3.3 million in the current quarter as compared to the profit before tax of RM0.5 million in the previous corresponding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM1.0 million higher than the previous corresponding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. Despite the higher revenue achieved, this segment recorded a loss before tax of RM0.5 million in the current quarter as compared to the marginal profit before tax of RM96,000 in the previous corresponding quarter due to the change in sales mix with lower margin achieved.

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

Notes To The Interim Financial Report For Quarter Ended 30 September 2014

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

For the third quarter ended 30 September 2014, the Group recorded lower revenue at RM22.3 million as compared to the revenue of RM26.7 million in the preceding quarter. The lower revenue achieved was mainly due to decrease in sales from the automated equipment segment which was offset by the higher revenue contribution from the automated manufacturing solution operating segment. Nevertheless, the Group recorded a profit before tax of RM2.4 million as compared to a profit before tax of RM2.5 million in the preceding quarter.

Performance of the respective operating segments for the third quarter ended 30 September 2014 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The drop in revenue by RM5.8 million in the current quarter to RM17.7 million as compared to the preceding quarter was mainly due to lower demand for automated equipment from semiconductor market in the current quarter. However, this segment recorded a higher profit before tax of RM3.3 million as compared to RM2.8 million achieved in the preceding quarter due to better product mix with higher margin achieved.

2) Automated manufacturing solution

Revenue from this segment was RM1.4 million higher than the preceding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. However, this segment recorded a loss before tax of RM0.5 million in the current quarter as compared to the marginal profit before tax of RM58,000 in the previous corresponding quarter mainly due to the change in sales mix with lower margin achieved.

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

Notes To The Interim Financial Report For Quarter Ended 30 September 2014

15 Current Year Prospect

Pentamaster is poised to make further progress in new technology while gaining customer loyalty with our demonstrated commitment over the years. We are heartened to witness contribution from some new products that we have developed such as the glove auto packing system and dispenser project as well as the robotic application related projects where development of such projects was motivated by the area of growth and opportunities in certain sectors of the semiconductor industry. We have secured new projects where orders are to be delivered in the next few quarters.

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
Income tax payable	(116)	(329)
Deferred tax resulting from the origination and reversal of temporary differences	(278)	(398)
	<u>(394)</u>	<u>(727)</u>

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 2014

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>	
Hire purchase creditor	90
<u>Short term borrowings (secured)</u>	
Banker's acceptance, revolving credit and loan against export	516
Total	606
<u>Long term borrowings</u>	
Hire purchase creditor	130
Total utilisation	736

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 30 September 2014, 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	10,075	(179)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 2014, 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 2014

22 Disclosure of Realised and Unrealised Profits/Losses

	As at 30/9/2014 (RM'000)	As at 30/6/2014 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(2,846)	(27,323)
- Unrealised	(1,185)	(1,052)
	(4,031)	(28,375)
Add: Consolidation adjustment	8,045	14,281
Accumulated losses as per financial statements	(12,076)	(14,094)

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 2014.

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 2014

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
6 November 2014