

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Individual Quarter 3 Months Ended		Cumulative Year Financial Year Ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Revenue	22,293	16,698	81,047	67,344
Cost of goods sold	(14,834)	(13,925)	(59,681)	(55,468)
Gross profit	<u>7,459</u>	<u>2,773</u>	<u>21,366</u>	<u>11,876</u>
Other income	230	1,829	962	4,248
Administrative expenses	(3,991)	(3,183)	(12,151)	(9,489)
Distribution costs	(565)	(268)	(2,335)	(2,300)
Other expenses	(21)	(26)	(105)	(59)
Operating profit	<u>3,112</u>	<u>1,125</u>	<u>7,737</u>	<u>4,276</u>
Finance costs	(3)	(72)	(258)	(358)
Profit before taxation	<u>3,109</u>	<u>1,053</u>	<u>7,479</u>	<u>3,918</u>
Taxation	(582)	(829)	(1,309)	(1,066)
Profit for the year	<u><u>2,527</u></u>	<u><u>224</u></u>	<u><u>6,170</u></u>	<u><u>2,852</u></u>
Profit attributable to :				
Owners of the Parent	2,114	272	4,650	2,385
Non-controlling interests	413	(48)	1,520	467
	<u><u>2,527</u></u>	<u><u>224</u></u>	<u><u>6,170</u></u>	<u><u>2,852</u></u>
Profit per share attributable to owners of the parent (sen) :-				
- Basic	1.59	0.20	3.49	1.79
- 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 YEAR ENDED 31 DECEMBER 2014**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Year Ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Profit for the year	2,527	224	6,170	2,852
Other comprehensive income: Translation of foreign operations	-	-	12	(40)
Other comprehensive income/(loss) net of tax	-	-	12	(40)
Total comprehensive income for the year	2,527	224	6,182	2,812
Total comprehensive income attributable to:				
Owners of the Parent	2,114	272	4,662	2,345
Non-controlling interests	413	(48)	1,520	467
	2,527	224	6,182	2,812

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 31 DECEMBER 2014**

	Unaudited As at 31/12/2014 RM'000	Audited As at 31/12/2013 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	41,819	44,313
Other investments	1,360	1,360
Intangible assets	3,811	3,400
	<u>46,990</u>	<u>49,073</u>
Current Assets		
Inventories	11,105	10,738
Trade receivables	20,124	18,684
Other receivables, deposits and prepayments	2,589	1,221
Tax recoverable	3	37
Deposits, cash and bank balances	8,382	4,899
	<u>42,203</u>	<u>35,579</u>
TOTAL ASSETS	<u><u>89,193</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	(5,046)	(9,715)
	<u>61,576</u>	<u>56,907</u>
Non-Controlling interest	<u>1,492</u>	<u>(28)</u>
Total Equity	<u><u>63,068</u></u>	<u><u>56,879</u></u>
Non Current Liabilities		
Hire-purchase payables	57	188
Deferred income	1,950	2,382
Deferred tax liabilities	1,400	720
	<u>3,407</u>	<u>3,290</u>
Current Liabilities		
Trade payables	9,601	10,465
Other payables and accrued liabilities	11,481	7,347
Derivative financial liabilities	1,306	164
Short term bank borrowings	132	6,507
Provision for taxation	198	-
	<u>22,718</u>	<u>24,483</u>
Total Liabilities	<u><u>26,125</u></u>	<u><u>27,773</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>89,193</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 YEAR ENDED 31 DECEMBER 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 for the year	-	-	12	4,650	4,662	1,520	6,182
As at 31 December 2014	66,622	4,865	51	(9,962)	61,576	1,492	63,068

	← 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 year	-	-	(40)	2,385	2,345	467	2,812
As at 31 December 2013	66,622	4,865	39	(14,619)	56,907	(28)	56,879

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 YEAR ENDED 31 DECEMBER 2014

	12 Months ended 31/12/2014 RM'000	12 Months ended 31/12/2013 RM'000
Cash Flows From Operating Activities		
Profit before taxation	7,479	3,918
Adjustments for -		
Amortisation of intangible assets	1,321	3,601
Deferred income released	(835)	(3,192)
Depreciation	2,621	2,714
Development expenditure written off	-	582
Dividend income	-	(55)
Interest expense	255	358
Interest income	(9)	(213)
Inventories written off	957	1,095
Inventories written down	-	24
Impairment loss on receivables	978	58
Reversal of Impairment loss on receivables	(101)	(758)
Gain on disposal of non current assets held for sales	-	(48)
Gain on disposal of property, plant and equipment	(34)	(6)
Loss from change in fair value of forward foreign exchange contract	1,141	175
Property, plant and equipment written off	-	8
Reversal of write down of inventories	(1,471)	(1,281)
Unrealised gain on foreign exchange	(518)	(248)
Operating profit before working capital changes	<u>11,784</u>	<u>6,732</u>
Decrease in inventories	146	509
(Increase)/Decrease in receivables	(2,926)	1,546
Increase/(Decrease) in payables	3,298	(2,826)
Cash generated from operations	<u>12,302</u>	<u>5,961</u>
Grant Received	403	-
Interest paid	(255)	(358)
Tax paid	(396)	(329)
Net cash generated from operating activities	<u>12,054</u>	<u>5,274</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 2014

	12 Months ended 31/12/2014 RM'000	12 Months ended 31/12/2013 RM'000
Cash Flows From Investing Activities		
Development expenditure paid	(1,046)	(904)
Dividend received	-	55
Interest received	9	213
Proceeds from disposal of property, plant & equipment	55	414
Purchase of property, plant & equipment	(408)	(229)
Purchase of intangible assets	(686)	(653)
Net cash used in investing activities	<u>(2,076)</u>	<u>(1,104)</u>
Cash Flows From Financing Activities		
Short term borrowings repaid	(6,381)	(3,503)
Repayment of hire-purchase liabilities	(126)	(71)
Net term loan repaid	-	(758)
Net cash used in financing activities	<u>(6,507)</u>	<u>(4,332)</u>
Net Increase/Decrease In Cash And Cash Equivalents	3,471	(162)
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><u>8,382</u></u>	<u><u>4,899</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 2013.

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PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

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

	Company	
	As at 31/12/2014	As at 31/12/2013
	RM'000	RM'000
Corporate guarantee given by the Company for banking facilities extended by financial institution to subsidiary companies		
- Limit	35,000	26,980
- Amount utilised	-	6,381

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 2014****10 Segmental Information****Results for the year ended 31 December 2014**

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	61,218	19,829	-	81,047
Inter-segment revenue	2,109	1,032	(3,141)	-
Total revenue	63,327	20,861	(3,141)	81,047
Results				
Segment results	8,745	271	(1,279)	7,737
Finance cost	(167)	(91)	-	(258)
Profit/(Loss) before taxation	8,578	180	(1,279)	7,479
Taxation	(1,316)	5	2	(1,309)
Profit/(Loss) after taxation	7,262	185	(1,277)	6,170

Results for the year ended 31 December 2013

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	47,541	19,748	55	67,344
Inter-segment revenue	2,111	94	(2,205)	-
Total revenue	49,652	19,842	(2,150)	67,344
Results				
Segment results	4,844	337	(905)	4,276
Finance cost	(219)	(139)	-	(358)
Profit/(Loss) before taxation	4,625	198	(905)	3,918
Taxation	(1,081)	14	1	(1,066)
Profit/(Loss) after taxation	3,544	212	(904)	2,852

PENTAMASTER CORPORATION BERHAD (572307-U)
(“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 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	3	9
Interest expense	-	(255)
Depreciation and amortisation	(705)	(3,014)
Impairment loss on receivables	(978)	(978)
Reversal of impairment loss on receivables	96	101
Net reversal of written down of inventories	(9)	1,471
Inventories written off	(154)	(957)
Foreign exchange gain	831	899
Loss on derivatives	(1,127)	(1,141)

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 2014

13 Review of Performance

The Group recorded higher revenue at RM22.3 million in the current quarter as compared to RM16.7 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 RM3.1 million in the current quarter as compared to the profit before tax of RM1.1 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 RM2.4 million (23.7%) to RM12.3 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 with higher margin achieved, this segment recorded a higher profit before tax of RM2.4 million in the current quarter as compared to the profit before tax of RM1.0 million in the previous corresponding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM3.2 million (48.0%) higher than the previous corresponding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. As a result, this segment recorded a higher profit before tax of RM1.1 million in the current quarter as compared to the profit before tax of RM0.3 million in the previous corresponding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 December 2014

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

For the fourth quarter ended 31 December 2014 as compared to the preceding quarter, there was no change to the Group’s revenue where the revenue was maintained at RM22.3 million. Generally, the drop in the revenue contribution from the automated equipment segment was offset by the increase in the revenue contribution from the automated manufacturing solution segment. Despite the same amount of revenue recorded, the Group achieved a higher profit before tax of RM3.1 million as compared to the profit before tax of RM2.4 million in the preceding quarter mainly due to better product mix in this reporting quarter.

Performance of the respective operating segments for the fourth quarter ended 31 December 2014 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The drop in revenue by RM5.4 million in the current quarter to RM12.3 million as compared to the preceding quarter was mainly due to lower demand for automated equipment from semiconductor market in the current quarter. Consequently, this segment recorded a lower profit before tax of RM2.4 million as compared to RM3.3 million achieved in the preceding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM5.4 million higher than the preceding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. Consequently, this segment recorded a profit before tax of RM1.1 million in the current quarter as compared to the loss before tax of RM0.5 million in the previous corresponding quarter mainly due to higher revenue recorded coupled with the better sales mix achieved.

PENTAMASTER CORPORATION BERHAD (572307-U)

("Company")

Notes To The Interim Financial Report For Quarter Ended 31 December 2014

15 Current Year Prospect

We expect better revenue contribution in year 2015 stemming from the area of growth and opportunities for automation equipment from semiconductor industry, glove industry, food industry, wireless segment and robotic application related projects. We are aware that many companies are moving towards machine automation in light of the human capital challenge currently faced. Machine automation will reduce reliance on human capital while increase manufacturing effectiveness and productivity. With demand for leading-edge automation and information technology solution, demand for our automated equipment and automated manufacturing solution is expected to remain positive.

We will continue to strengthen the market position and expand the customer base. The management is cautiously optimistic on the growth prospect of the company for the year 2015.

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	(299)	(628)
Deferred tax resulting from the origination and reversal of temporary differences	(283)	(681)
	<u>(582)</u>	<u>(1,309)</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 31 December 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	132
<u>Long term borrowings (unsecured)</u>	
Hire purchase creditor	57
Total utilisation	189

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 31 December 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	23,497	(1,306)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 December 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 31 December 2014****22 Disclosure of Realised and Unrealised Profits/Losses**

	As at 31/12/2014 (RM'000)	As at 30/9/2014 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	537	(2,846)
- Unrealised	(2,041)	(1,185)
	(1,504)	(4,031)
Add: Consolidation adjustment	(8,458)	(8,045)
Accumulated losses as per financial statements	(9,962)	(12,076)

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 31 December 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 31 December 2014

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
16 February 2015