

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/9/2012 RM'000	30/9/2011 RM'000	30/9/2012 RM'000	30/9/2011 RM'000
Revenue		15,775	16,125	40,737	48,189
Cost of goods sold		(13,179)	(13,630)	(35,269)	(39,705)
Gross profit		<u>2,596</u>	<u>2,495</u>	<u>5,468</u>	<u>8,484</u>
Other income		761	880	2,436	2,638
Administrative expenses		(2,107)	(1,969)	(6,199)	(5,967)
Distribution costs		(550)	(675)	(1,468)	(1,590)
Other expenses		(7)	(1)	(18)	(29)
Operating profit		<u>693</u>	<u>730</u>	<u>219</u>	<u>3,536</u>
Finance costs		(155)	(216)	(418)	(1,393)
Profit/(Loss) before taxation		<u>538</u>	<u>514</u>	<u>(199)</u>	<u>2,143</u>
Taxation		(1)	1	(52)	(20)
Profit/(Loss) for the period		<u><u>537</u></u>	<u><u>515</u></u>	<u><u>(251)</u></u>	<u><u>2,123</u></u>
Profit/(Loss) attributable to :					
Owners of the Parent		606	712	112	2,675
Non-controlling interests		(69)	(197)	(363)	(552)
		<u><u>537</u></u>	<u><u>515</u></u>	<u><u>(251)</u></u>	<u><u>2,123</u></u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		0.45	0.53	0.08	2.01
- 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 PERIOD ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	537	515	(251)	2,123
Other comprehensive income:				
Translation of foreign operations	2	(13)	7	(10)
Other comprehensive income net of tax	<u>2</u>	<u>(13)</u>	<u>7</u>	<u>(10)</u>
Total comprehensive income/(loss) for the period	<u>539</u>	<u>502</u>	<u>(244)</u>	<u>2,113</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	608	699	119	2,665
Non-controlling interests	(69)	(197)	(363)	(552)
	<u>539</u>	<u>502</u>	<u>(244)</u>	<u>2,113</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 30 SEPTEMBER 2012

	Unaudited As at 30/9/2012 RM'000	Audited As at 31/12/2011 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	47,224	49,353
Other investments	1,360	1,360
Intangible assets	5,332	8,574
	<u>53,916</u>	<u>59,287</u>
Current Assets		
Inventories	7,529	4,196
Trade receivables	21,740	13,868
Other receivables, deposits and prepayments	1,031	2,326
Tax recoverable	104	84
Derivative financial assets	61	-
Deposits, cash and bank balances	4,565	5,939
	<u>35,030</u>	<u>26,413</u>
Non current assets held for sale	640	640
	<u>35,670</u>	<u>27,053</u>
TOTAL ASSETS	<u><u>89,586</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	(10,616)	(10,735)
	<u>56,006</u>	<u>55,887</u>
Non-Controlling interest	(56)	307
Total Equity	<u>55,950</u>	<u>56,194</u>
Non Current Liabilities		
Term loans	1,615	2,507
Deferred income	5,171	7,429
	<u>6,786</u>	<u>9,936</u>
Current Liabilities		
Trade payables	11,644	6,373
Other payables and accrued liabilities	4,984	8,475
Derivative financial liabilities	-	213
Short term bank borrowings	10,222	5,149
	<u>26,850</u>	<u>20,210</u>
Total Liabilities	<u>33,636</u>	<u>30,146</u>
TOTAL EQUITY AND LIABILITIES	<u><u>89,586</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 PERIOD ENDED 30 SEPTEMBER 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 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>

	← 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 for the period	-	-	(10)	2,675	2,665	(552)	2,113
As at 30 September 2011	<u>66,622</u>	<u>4,865</u>	<u>101</u>	<u>(17,968)</u>	<u>53,620</u>	<u>752</u>	<u>54,372</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 PERIOD ENDED 30 SEPTEMBER 2012

	9 Months ended 30/9/2012 RM'000	9 Months ended 30/9/2011 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(199)	2,143
Adjustments for -		
Amortisation of intangible assets	3,242	3,067
Bad debts written off	8	-
Impairment loss on receivables	28	35
Reversal of impairment loss on receivables	(52)	(46)
Deferred income released	(2,258)	(2,224)
Depreciation	2,154	2,144
Dividend income	(81)	-
Inventories written off	-	227
Interest expense	418	1,393
Interest income	(52)	(285)
Reversal of impairment loss on assets classified as held for sale	-	(10,361)
Loss on disposal of property, plant and equipment	-	10,268
(Gain)/Loss from change in fair value of forward foreign exchange contract	(274)	635
Provision for slow moving stock	(1,170)	(182)
Fixed assets written off	-	648
Unrealised loss/(gain) on foreign exchange	153	(793)
Operating profit before working capital changes	<u>1,917</u>	<u>6,669</u>
(Increase)/Decrease in inventories	(2,162)	2,127
(Increase)/Decrease in receivables	(6,724)	4,722
Increase/(Decrease) in payables	1,790	(17,157)
Cash used in operations	<u>(5,179)</u>	<u>(3,639)</u>
Interest paid	(418)	(1,393)
Tax (paid)/refunded	(72)	44
Net cash used in operating activities	<u>(5,669)</u>	<u>(4,988)</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 2012**

	9 Months ended 30/9/2012 RM'000	9 Months ended 30/9/2011 RM'000
Cash Flows From Investing Activities		
Dividend received	81	-
Interest received	52	285
Proceeds from disposal of property, plant & equipment	-	48,298
Purchase of property, plant & equipment	(25)	-
Net cash generated from investing activities	<u>108</u>	<u>48,583</u>
Cash Flows From Financing Activities		
Short term borrowings obtained/(repaid)	5,266	(3,208)
Net term loan repaid	(1,086)	(38,517)
Net cash generated from/(used in) financing activities	<u>4,180</u>	<u>(41,725)</u>
Net (Decrease)/Increase In Cash And Cash Equivalents	(1,381)	1,870
Cash And Cash Equivalents Brought Forward	5,939	6,147
Foreign currency exchange differences on opening balance	7	(10)
Cash And Cash Equivalents Carried Forward	<u><u>4,565</u></u>	<u><u>8,007</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 30 September 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 30 September 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 30 September 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 30 September 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 RM11.8 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 30 September 2012

10 Segmental Information

Results for the period ended 30 September 2012

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	36,852	3,804	81	40,737
Inter-segment revenue	2,055	617	(2,672)	-
Total revenue	<u>38,907</u>	<u>4,421</u>	<u>(2,591)</u>	<u>40,737</u>
Results				
Segment results	2,488	(1,976)	(293)	219
Finance cost	(162)	(256)	-	(418)
Profit/(Loss) before taxation	<u>2,326</u>	<u>(2,232)</u>	<u>(293)</u>	<u>(199)</u>
Taxation	(45)	(6)	(1)	(53)
Profit/(Loss) after taxation	<u>2,281</u>	<u>(2,238)</u>	<u>(294)</u>	<u>(251)</u>

Results for the period ended 30 September 2011

	Automated Equipment & Contract Manufacturing	Information Technology & Intelligent Sortation System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	46,568	1,540	81	48,189
Inter-segment revenue	3,589	200	(3,789)	-
Total revenue	<u>50,157</u>	<u>1,740</u>	<u>(3,708)</u>	<u>48,189</u>
Results				
Segment results	8,921	(5,156)	(229)	3,536
Finance cost	(253)	(1,140)	-	(1,393)
Profit/(Loss) before taxation	<u>8,668</u>	<u>(6,296)</u>	<u>(229)</u>	<u>2,143</u>
Taxation	(14)	(7)	1	(20)
Profit/(Loss) after taxation	<u>8,654</u>	<u>(6,303)</u>	<u>(228)</u>	<u>2,123</u>

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012

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	14	52
Interest expense	(155)	(418)
Depreciation & amortisation	(759)	(2,361)
Impairment loss on receivables	(28)	(28)
Reversal of impairment loss on receivables	-	52
Reversal of write-down of inventories	464	1,170
Foreign exchange loss	(180)	(136)
Gain on derivatives	238	274

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 2012

13 Review of Performance

The Group recorded lower revenue at RM15.8 million in the current quarter as compared to RM16.1 million in the corresponding quarter last year. The lower revenue was mainly due to the contraction in demand from the automated equipment and contract manufacturing operating segment which was slightly offset by the higher revenue contribution from information technology and intelligent sortation system operating segment. Nevertheless, profit before tax of the Group remained consistent at RM0.5 million in current quarter as compared to previous corresponding quarter mainly due to the continuous improvement in operation efficiency and savings from leaner cost structure.

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 decrease in revenue by RM1.0 million (7%) to RM14.6 million was mainly due to the lower demand for automated equipment from semiconductor market as a result of the slowdown in semiconductor industry. Consequently, this segment achieved a lower profit before tax of RM1.6 million in the current quarter as compared to the profit before tax of RM1.8 million in the previous corresponding quarter mainly due to the lower revenue achieved and pressure on project margins.

2) Information technology and intelligent sortation system

Revenue from this segment was RM0.7 million higher as compared to the previous corresponding quarter mainly due to higher demand for material handling and distribution system as well as the increase in sales from ICT solution in the current quarter. As a result, this segment recorded a lower loss before tax of RM0.9 million in the current quarter as compared to the loss before tax of RM1.2 million in the previous corresponding quarter mainly due to higher revenue achieved.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012

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

For the third quarter ended 30 September 2012, the Group achieved higher revenue at RM15.8 million as compared to the revenue of RM15.0 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 overall higher revenue recorded in the current quarter, profit before tax of the Group remained at RM0.5 million as compared to preceding quarter mainly due to the sales of product with lower profit margin in the information technology and intelligent sortation system operating segment.

Performance of the respective operating segments for the third quarter ended 30 September 2012 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment and contract manufacturing

The increase in revenue by RM1.1 million (8%) to RM14.6 million was mainly due to the increase in sales orders from semiconductor market and contract manufacturing business as compared to the preceding quarter. With the increase in revenue and better product mix in this reporting quarter, this segment recorded a higher profit before tax of RM1.6 million as compared to RM1.1 million in the preceding quarter.

2) Information technology and intelligent sortation system

Revenue from this segment was RM0.3 million (18.7%) lower than the preceding quarter mainly due to lower demand for material handling and distribution system in the current quarter. As a result, this segment recorded a higher loss before tax of RM0.9 million in the current quarter as compared to the loss before tax of RM0.4 million in the preceding quarter due to lower revenue achieved and product mix with lower profit margin.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012

15 Current Year Prospect

The challenging global economic condition is expected to persist into the last quarter of 2012. However, with the emergence of smartphone and tablet as significant market in recent years, the pick-up in sales of test handling equipment for micro electro-mechanical systems (MEMS) motion sensors and microphones for the smartphone and tablet markets is expected to cushion the Group against the impact of the business supporting semiconductor chips.

The management will continue to focus on the core products in the automated equipment and contract manufacturing segment as well as the information technology and intelligent sortation system segment to strengthen the market position and expand the customer base and simultaneously continue to adopt the outsourcing model for purpose of effective cost management. With better controllable cost structure in place and a wider sales market base, management is cautiously optimistic of the overall business performance of the Group.

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 Date
	RM'000	RM'000
Income tax payable	(1)	(52)
	<hr/>	<hr/>
	(1)	(52)

18 Changes in the Composition of the Group

There were no changes in the composition of the Group.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012

19 Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

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	1,499	
<u>Short term borrowings (secured)</u>		
Banker's acceptance and revolving credit	7,283	
Term loan	1,440	
	<u>8,723</u>	
Total	<u><u>10,222</u></u>	
<u>Long term borrowings</u>		
Term loan - secured	1,615	
Total	<u><u>1,615</u></u>	
Total utilisation	<table border="1" style="display: inline-table;"><tr><td style="text-align: center;">11,837</td></tr></table>	11,837
11,837		

All borrowings are denominated in Ringgit Malaysia.

PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012

21 Derivative Financial Instruments

As at the date of the statement of financial position 30 September 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	3,906,800	60,823	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 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.

22 Disclosure of Realised and Unrealised Profits/Losses

	As at 30/9/2012 (RM'000)	As at 30/6/2012 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(46,327)	(46,860)
- Unrealised	111	107
	(46,216)	(46,753)
Add: Consolidation adjustment	30,657	30,588
Accumulated losses as per financial statements	(15,559)	(16,165)

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)
Notes To The Interim Financial Report For Quarter Ended 30 September 2012**

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 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
12 November 2012