

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/6/2012 RM'000	30/6/2011 RM'000	30/6/2012 RM'000	30/6/2011 RM'000
Revenue		15,049	16,915	24,962	32,063
Cost of goods sold		(12,498)	(13,582)	(22,090)	(26,076)
Gross profit		<u>2,551</u>	<u>3,333</u>	<u>2,872</u>	<u>5,987</u>
Other income		902	973	1,675	1,759
Administrative expenses		(2,300)	(2,164)	(4,092)	(3,997)
Distribution costs		(467)	(545)	(918)	(913)
Other expenses		(5)	(23)	(11)	(27)
Operating profit/(loss)		<u>681</u>	<u>1,574</u>	<u>(474)</u>	<u>2,809</u>
Finance costs		(136)	(450)	(263)	(1,177)
Profit/(Loss) before taxation		<u>545</u>	<u>1,124</u>	<u>(737)</u>	<u>1,632</u>
Taxation		(21)	(11)	(51)	(22)
Profit/(Loss) for the period		<u><u>524</u></u>	<u><u>1,113</u></u>	<u><u>(788)</u></u>	<u><u>1,610</u></u>
Profit/(Loss) attributable to :					
Owners of the Parent		542	1,376	(494)	1,966
Non-controlling interests		(18)	(263)	(294)	(356)
		<u><u>524</u></u>	<u><u>1,113</u></u>	<u><u>(788)</u></u>	<u><u>1,610</u></u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		0.41	1.03	(0.37)	1.48
- 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 JUNE 2012**

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	524	1,113	(788)	1,610
Other comprehensive income:				
Translation of foreign operations	(11)	-	5	3
Other comprehensive income net of tax	<u>(11)</u>	<u>-</u>	<u>5</u>	<u>3</u>
Total comprehensive income/(loss) for the period	<u>513</u>	<u>1,113</u>	<u>(783)</u>	<u>1,613</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	531	1,376	(489)	1,969
Non-controlling interests	(18)	(263)	(294)	(356)
	<u>513</u>	<u>1,113</u>	<u>(783)</u>	<u>1,613</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 JUNE 2012**

	<b>Unaudited</b> <b>As at</b> <b>30/6/2012</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31/12/2011</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	47,921	49,353
Other investments	1,360	1,360
Intangible assets	6,389	8,574
	<u>55,670</u>	<u>59,287</u>
<b>Current Assets</b>		
Inventories	7,737	4,196
Trade receivables	18,246	13,868
Other receivables, deposits and prepayments	1,126	2,326
Tax recoverable	108	84
Deposits, cash and bank balances	4,180	5,939
	<u>31,397</u>	<u>26,413</u>
Non current assets held for sale	640	640
	<u>32,037</u>	<u>27,053</u>
<b>TOTAL ASSETS</b>	<u><u>87,707</u></u>	<u><u>86,340</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners of the Parents</b>		
Share capital	66,622	66,622
Reserves	(11,224)	(10,735)
	<u>55,398</u>	<u>55,887</u>
<b>Non-Controlling interest</b>	13	307
<b>Total Equity</b>	<u>55,411</u>	<u>56,194</u>
<b>Non Current Liabilities</b>		
Term loans	1,977	2,507
Deferred income	5,912	7,429
	<u>7,889</u>	<u>9,936</u>
<b>Current Liabilities</b>		
Trade payables	10,742	6,373
Other payables and accrued liabilities	4,452	8,475
Derivative financial liabilities	177	213
Short term bank borrowings	9,036	5,149
	<u>24,407</u>	<u>20,210</u>
<b>Total Liabilities</b>	<u>32,296</u>	<u>30,146</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>87,707</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 JUNE 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	-	-	5	(494)	(489)	(294)	(783)
As at 30 June 2012	<u>66,622</u>	<u>4,865</u>	<u>76</u>	<u>(16,165)</u>	<u>55,398</u>	<u>13</u>	<u>55,411</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	-	-	3	1,966	1,969	(356)	1,613
As at 30 June 2011	<u>66,622</u>	<u>4,865</u>	<u>114</u>	<u>(18,677)</u>	<u>52,924</u>	<u>948</u>	<u>53,872</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 JUNE 2012**

	<b>6 Months ended 30/6/2012 RM'000</b>	<b>6 Months ended 30/6/2011 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	(737)	1,632
Adjustments for -		
Amortisation of intangible assets	2,184	2,046
Bad debts written off	7	-
Impairment loss on receivables	(52)	61
Deferred income released	(1,516)	(1,484)
Depreciation	1,440	1,445
Dividend income	(81)	-
Interest expense	263	1,176
Interest income	(38)	(251)
(Gain)/Loss from change in fair value of forward foreign exchange contract	(36)	71
Provision for slow moving stock	(705)	274
Fixed assets written off	-	292
Unrealised gain on foreign exchange	(57)	(351)
Operating profit before working capital changes	<u>672</u>	<u>4,911</u>
(Increase)/Decrease in inventories	(2,836)	1,792
(Increase)/Decrease in receivables	(3,073)	2,182
Increase/(Decrease) in payables	343	(17,832)
Cash used in operations	<u>(4,894)</u>	<u>(8,947)</u>
Interest paid	(263)	(1,176)
Tax (paid)/refunded	(74)	40
Net cash used in operating activities	<u>(5,231)</u>	<u>(10,083)</u>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE PERIOD ENDED 30 JUNE 2012**

	<b>6 Months ended 30/6/2012 RM'000</b>	<b>6 Months ended 30/6/2011 RM'000</b>
<b>Cash Flows From Investing Activities</b>		
Dividend received	81	-
Interest received	38	251
Proceeds from disposal of property, plant & equipment	-	48,194
Purchase of property, plant & equipment	(8)	-
Net cash generated from investing activities	<u>111</u>	<u>48,445</u>
<b>Cash Flows From Financing Activities</b>		
Short term borrowings obtained/(repaid)	4,080	(3,051)
Net term loan repaid	(724)	(36,155)
Net cash generated from/(used in) financing activities	<u>3,356</u>	<u>(39,206)</u>
<b>Net Decrease In Cash And Cash Equivalents</b>	(1,764)	(844)
<b>Cash And Cash Equivalents Brought Forward</b>	5,939	6,147
Foreign currency exchange differences on opening balance	5	3
<b>Cash And Cash Equivalents Carried Forward</b>	<u><u>4,180</u></u>	<u><u>5,306</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 June 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 June 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 June 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 June 2012, the Company has issued corporate guarantees amounting to RM21.4 million (31.12.11: RM24.5 million) as security for banking facilities granted to the Company and its subsidiaries of which RM11.0 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 June 2012**

**10 Segmental Information**

**Results for the period ended 30 June 2012**

	<b>Automated Equipment &amp; Contract Manufacturing</b>	<b>Information Technology &amp; Intelligent Sortation System</b>	<b>Adjustment</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External Revenue	22,268	2,613	81	24,962
Inter-segment revenue	1,365	59	(1,424)	-
<b>Total revenue</b>	<b>23,633</b>	<b>2,672</b>	<b>(1,343)</b>	<b>24,962</b>
<b>Results</b>				
Segment results	832	(1,113)	(193)	(474)
Finance cost	(85)	(178)	-	(263)
<b>Profit/(Loss) before taxation</b>	<b>747</b>	<b>(1,291)</b>	<b>(193)</b>	<b>(737)</b>
Taxation	(44)	(5)	(2)	(51)
<b>Profit/(Loss) after taxation</b>	<b>703</b>	<b>(1,296)</b>	<b>(195)</b>	<b>(788)</b>

**Results for the period ended 30 June 2011**

	<b>Automated Equipment &amp; Contract Manufacturing</b>	<b>Information Technology &amp; Intelligent Sortation System</b>	<b>Adjustment</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External Revenue	30,892	1,172	-	32,064
Inter-segment revenue	3,118	140	(3,258)	-
<b>Total revenue</b>	<b>34,010</b>	<b>1,312</b>	<b>(3,258)</b>	<b>32,064</b>
<b>Results</b>				
Segment results	6,243	(3,306)	(128)	2,809
Finance cost	(223)	(954)	-	(1,177)
<b>Profit/(Loss) before taxation</b>	<b>6,020</b>	<b>(4,260)</b>	<b>(128)</b>	<b>1,632</b>
Taxation	(10)	(10)	(2)	(22)
<b>Profit/(Loss) after taxation</b>	<b>6,010</b>	<b>(4,270)</b>	<b>(130)</b>	<b>1,610</b>

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 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	19	38
Interest expense	(136)	(263)
Depreciation & amortisation	(785)	(1,610)
Reversal of impairment loss for receivables	6	52
Reversal of write-down of inventories	315	705
Foreign exchange gain	134	45
(Loss)/Gain on derivatives	(213)	36

**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 June 2012**

**13 Review of Performance**

The Group recorded lower revenue at RM15.0 million in the current quarter as compared to RM16.9 million in the corresponding quarter last year. The lower revenue was 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. Consequently, the Group achieved a lower profit before tax of RM0.5 million in current quarter as compared to the profit before tax of RM1.1 million in the previous corresponding 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 decrease in revenue by RM2.9 million (17.9%) to RM13.5 million was mainly due to the lower demand for automated equipment from semiconductor market and reduction in sales volume from contract manufacturing business as a result of the global economic conditions that remain challenging. Consequently, this segment achieved a lower profit before tax of RM1.0 million in the current quarter as compared to the profit before tax of RM2.5 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 RM1.0 million higher as compared to the previous corresponding quarter mainly due to higher demand for material handling and distribution system as well as increase in sales from ICT solution in the current quarter. Consequently, this segment recorded a lower loss before tax of RM0.4 million in the current quarter as compared to the loss before tax of RM1.3 million in the previous corresponding quarter due to higher revenue achieved coupled with the savings from leaner cost structure.

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

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

For the second quarter ended 30 June 2012, the Group achieved higher revenue at RM15.0 million as compared to the revenue of RM9.9 million in the preceding quarter. The higher revenue achieved was contributed by the higher revenue from both automated equipment and contract manufacturing operating segment as well as the information technology and intelligent sortation system operating segment. Consequently, the Group recorded a profit before tax of RM0.5 million as compared to the loss before tax of RM1.3 million in the preceding quarter.

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

**1) Automated equipment and contract manufacturing**

The increase in revenue by RM4.7 million (53.6%) to RM13.5 million was mainly due to higher demand for automated manufacturing equipment from semiconductor market and increase in sales volume from contract manufacturing business in current quarter. With the increase in revenue and better product mix in this reporting quarter, this segment recorded a profit before tax of RM1.0 million compared to the loss before tax of RM0.4 million in the preceding quarter.

**2) Information technology and intelligent sortation system**

Revenue from this segment was RM0.4 million (27.8%) higher than the preceding quarter mainly due to increase in sales from ICT solution. Correspondingly, this segment recorded a lower loss before tax of RM0.4 million in the current quarter as compared to the loss before tax of RM0.8 million in the preceding quarter mainly due to higher revenue achieved and better sales mix.

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

**15 Current Year Prospect**

The management will 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.

The above market segments remain highly competitive due to price pressure. Management will continue to focus on cost reduction by reviewing and simplifying the design of the products.

The challenging global economic conditions are expected to continue in 2012. However, with better controllable cost structure in place and a wider sales market base, the management is cautiously optimistic on 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 –

	<b>Current Quarter</b>	<b>Current Year to Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax payable	(21)	(51)
	<hr/>	<hr/>
	(21)	(51)

**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 June 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	1,466
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	6,130
Term loan	1,440
	<u>7,570</u>
Total	<u>9,036</u>
<u>Long term borrowings</u>	
Term loan - secured	1,977
Total	<u>1,977</u>
Total utilisation	<u>11,013</u>

All borrowings are denominated in Ringgit Malaysia.

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

**21 Derivative Financial Instruments**

As at the date of the statement of financial position 30 June 2012, the Group has the following outstanding derivative financial instruments:

<b>Derivatives</b>	<b>Contract or Notional amount (RM)</b>	<b>Fair value Net gain/(loss) (RM)</b>	<b>Purpose</b>
Currency forward contracts: -Less than 1 year	7,918,691	(177,208)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 June 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**

	<b>As at 30/6/2012 (RM'000)</b>	<b>As at 31/3/2012 (RM'000)</b>
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(46,860)	(47,447)
- Unrealised	107	169
	(46,753)	(47,278)
Add: Consolidation adjustment	30,588	30,570
Accumulated losses as per financial statements	(16,165)	(16,708)

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