

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Note	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/9/2011 RM'000	30/9/2010 RM'000	30/9/2011 RM'000	30/9/2010 RM'000
Revenue		16,125	20,061	48,189	61,831
Cost of goods sold		(13,630)	(17,068)	(39,705)	(51,777)
Gross profit		<u>2,495</u>	<u>2,993</u>	<u>8,484</u>	<u>10,054</u>
Other income		880	657	2,638	2,132
Administrative expenses		(1,969)	(3,501)	(5,967)	(10,452)
Distribution costs		(675)	(1,223)	(1,590)	(2,823)
Other expenses		(1)	(38)	(29)	(50)
Operating profit/(loss)		<u>730</u>	<u>(1,112)</u>	<u>3,536</u>	<u>(1,139)</u>
Finance costs		(216)	(872)	(1,393)	(2,741)
Profit/(Loss) before taxation		<u>514</u>	<u>(1,984)</u>	<u>2,143</u>	<u>(3,880)</u>
Taxation		1	(11)	(20)	(66)
Profit/(Loss) for the period		<u><u>515</u></u>	<u><u>(1,995)</u></u>	<u><u>2,123</u></u>	<u><u>(3,946)</u></u>
Profit/(Loss) attributable to :					
Owners of the Parent		712	(2,090)	2,675	(4,141)
Non-controlling interests		(197)	95	(552)	195
		<u><u>515</u></u>	<u><u>(1,995)</u></u>	<u><u>2,123</u></u>	<u><u>(3,946)</u></u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		0.53	(1.57)	2.01	(3.11)
- 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 2010.

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	515	(1,995)	2,123	(3,946)
Other comprehensive income:				
Translation of foreign operations	(13)	(1)	(10)	(4)
Other comprehensive income net of tax	(13)	(1)	(10)	(4)
Total comprehensive income for the period	502	(1,996)	2,113	(3,950)
Total comprehensive income attributable to:				
Owners of the Parent	699	(2,091)	2,665	(4,145)
Non-controlling interests	(197)	95	(552)	195
	502	(1,996)	2,113	(3,950)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2011**

	<b>Unaudited</b> <b>As at</b> <b>30/9/2011</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31/12/2010</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	50,152	52,121
Available-for-sale investments	1,360	1,360
Intangible assets	10,784	13,856
	<u>62,296</u>	<u>67,337</u>
<b>Current Assets</b>		
Inventories	5,619	8,620
Trade receivables	14,312	16,775
Other receivables, deposits & prepayments	1,612	3,027
Derivative financial assets	-	188
Tax recoverable	30	85
Cash and bank balances	8,007	6,148
Assets classified as held for sale	-	48,194
	<u>29,580</u>	<u>83,037</u>
<b>TOTAL ASSETS</b>	<u><u>91,876</u></u>	<u><u>150,374</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners of the Parents</b>		
Share capital	66,622	66,622
Reserves	(13,002)	(15,667)
	<u>53,620</u>	<u>50,955</u>
<b>Non-Controlling interest</b>	752	1,304
<b>Total Equity</b>	<u>54,372</u>	<u>52,259</u>
<b>Non Current Liabilities</b>		
Term loans	3,060	4,145
Deferred income	8,366	10,590
Deferred tax liabilities	1,850	1,850
	<u>13,276</u>	<u>16,585</u>
<b>Current Liabilities</b>		
Trade payables	8,896	19,076
Other payables and accruals	6,870	13,808
Provision for taxation	10	1
Derivative financial liabilities	447	-
Short term borrowings		
- other borrowings	8,005	48,645
	<u>24,228</u>	<u>81,530</u>
<b>Total Liabilities</b>	<u>37,504</u>	<u>98,115</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>91,876</u></u>	<u><u>150,374</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 2010.

**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 2011**

	← 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	
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>

	← 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	
As at 1 January 2010	66,622	4,865	116	5,466	77,069	1,290	78,359
Total comprehensive income for the period	-	-	(4)	(4,141)	(4,145)	195	(3,950)
As at 30 September 2010	<u>66,622</u>	<u>4,865</u>	<u>112</u>	<u>1,325</u>	<u>72,924</u>	<u>1,485</u>	<u>74,409</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 2010.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	<b>9 Months ended 30/9/2011 RM'000</b>	<b>9 Months ended 30/9/2010 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	2,143	(3,880)
Adjustments for -		
Amortisation of intangible assets	3,067	2,349
Allowance for doubtful debts	(11)	37
Deferred income released	(2,224)	(1,892)
Depreciation	2,144	4,592
Interest expense	1,393	2,741
Interest income	(285)	(45)
Inventory written off	227	33
Impairment loss on inventory	-	(185)
Reversal of Impairment loss on assets classified as held for sale	(10,361)	-
Loss/(Gain) on disposal of property, plant and equipment	10,268	(132)
Other non-cash movements	635	(92)
Provision for slow moving stock	(182)	(75)
Provision for warranty cost	-	(171)
Fixed assets written off	648	18
Unrealised (gain)/loss on foreign exchange	(793)	680
Operating profit before working capital changes	<u>6,669</u>	<u>3,978</u>
Changes in working capital		
Inventories	2,127	(4,364)
Receivables	4,722	(3,670)
Payables	(17,157)	16,605
Cash (used)/generated in/from operations	<u>(3,639)</u>	<u>12,549</u>
Interest paid	(1,393)	(2,741)
Grant received	-	2,105
Tax refund	77	126
Tax paid	(33)	(33)
Net cash (used)/generated in/from operating activities	<u>(4,988)</u>	<u>12,006</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 2011**

	<b>9 Months ended 30/9/2011 RM'000</b>	<b>9 Months ended 30/9/2010 RM'000</b>
<b>Cash Flows From Investing Activities</b>		
Interest received	285	45
Development expenditure	-	(1,689)
Proceeds from disposal of property, plant & equipment	48,298	379
Purchase of property, plant and equipment	-	(22)
Net cash inflow/(outflow) from investing activities	<u>48,583</u>	<u>(1,287)</u>
<b>Cash Flows From Financing Activities</b>		
Short term borrowings	(3,208)	(3,737)
Proceeds from term loan drawdown	-	1,162
Repayment of term loan	(38,517)	(7,970)
Net cash outflow from financing activities	<u>(41,725)</u>	<u>(10,545)</u>
<b>Net Increase In Cash And Cash Equivalents</b>	1,870	174
<b>Cash And Cash Equivalents As At 1 January</b>	6,147	4,699
Foreign exchange differences on opening balance	(10)	(2)
<b>Cash And Cash Equivalents As At 30 September</b>	<u><u>8,007</u></u>	<u><u>4,871</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 2010.

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

## **Notes To The Interim Financial Report For Quarter Ended 30 September 2011**

### **1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 30 September 2011 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 2010.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2010, except for the following:

#### **i) Adoption of New and Revised FRSs, IC Interpretations and Amendments**

In the current period ended 30 September 2011, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

- FRS 3 (revised), Business Combinations
- FRS 7, Financial Instruments: Disclosures.
- FRS 8, Operating Segments.
- FRS101 (revised), Presentation of Financial Statements.
- FRS 123 (revised), Borrowing Costs.
- FRS 127 (revised), Consolidated and Separate Financial Statement
- FRS 132 (revised), Financial Instruments: Presentation.
- FRS 139, Financial Instruments: Recognition and Measurement.
- IC Interpretation 9, Reassessment of Embedded Derivatives.
- IC Interpretation 10, Impairment and Interim Financial Reporting.
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards.
- Amendments to FRS 7
- Amendments to FRS 121
- Amendments to FRS 127
- Amendments to FRS 132
- Amendment to FRS 117
- Amendment to FRS 134
- Amendments to FRS 139, FRS 7 and IC Interpretation 9

### **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 2010 was not subject to any qualification.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2011**

**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.

**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 2011, the Company has issued corporate guarantees amounting to RM46.9 million (31.12.10: RM46.9 million) as security for banking facilities granted to the Company and its subsidiaries of which RM9.6 million (31.12.10 : RM25.3 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 2011**

**10 Segmental Information**

**Results for the period ended 30 September 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	46,568	1,540	81	48,189
Inter-segment revenue	3,589	200	(3,789)	-
<b>Total revenue</b>	<b>50,157</b>	<b>1,740</b>	<b>(3,708)</b>	<b>48,189</b>
<b>Results</b>				
Segment results	8,921	(5,156)	(229)	3,536
Finance cost	(253)	(1,140)	-	(1,393)
<b>Profit/(Loss) before taxation</b>	<b>8,668</b>	<b>(6,296)</b>	<b>(229)</b>	<b>2,143</b>
Taxation	(14)	(7)	1	(20)
<b>Profit/(Loss) after taxation</b>	<b>8,654</b>	<b>(6,303)</b>	<b>(228)</b>	<b>2,123</b>

**Results for the period ended 30 September 2010**

	<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	51,473	10,358	-	61,832
Inter-segment revenue	5,459	541	(6,000)	-
<b>Total revenue</b>	<b>56,933</b>	<b>10,899</b>	<b>(6,000)</b>	<b>61,832</b>
<b>Results</b>				
Segment results	209	(2,303)	955	(1,139)
Finance cost	(727)	(1,842)	(172)	(2,741)
<b>Profit/(Loss) before taxation</b>	<b>(518)</b>	<b>(4,145)</b>	<b>783</b>	<b>(3,880)</b>
Taxation	(14)	(49)	(3)	(66)
<b>Profit/(Loss) after taxation</b>	<b>(532)</b>	<b>(4,194)</b>	<b>780</b>	<b>(3,946)</b>

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)  
Notes To The Interim Financial Report For Quarter Ended 30 September 2011**

**11 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.

**12 Review of Performance**

The Group recorded lower revenue at RM16.1 million in the current quarter as compared to RM20.1 million registered in the previous corresponding quarter. The lower revenue achieved was mainly due to the reduction in sales volume from contract manufacturing business subsequent to the Group’s decision to scale down its contract manufacturing business unit.

Nevertheless, the Group achieved a profit before tax of RM0.5 million as compared to the loss before tax of RM1.9 million in the previous corresponding quarter due to the improvement in operation efficiency and savings from leaner cost structure.

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

The Group recorded lower revenue at RM16.1 million in the third quarter as compared to the revenue of RM16.9 million for the preceding quarter ended 30 June 2011. The lower revenue achieved was due to lower demand for automated equipment as a result of the economic slowdown especially in the semiconductor sector.

Consequently, the Group achieved a lower profit before tax at RM0.5 million as compared to RM1.1 million in the preceding quarter mainly due to the lower revenue achieved as well as price erosion triggered by the competition in the market place arising from the economic slowdown.

**14 Current Year Prospect**

The Group anticipates demand from the semiconductor sector to remain uncertain and challenging.

**15 Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued by the Group.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)**  
**Notes To The Interim Financial Report For Quarter Ended 30 September 2011**

**16 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	(1)	(20)
	<hr/>	<hr/>
	(1)	(20)

**17 Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments or properties during the period under review.

**18 Purchase or Disposal of Quoted Securities**

The Group is currently not holding any quoted securities and there were no purchase or disposal of quoted securities for the period under review.

**19 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the period under review.

**20 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 2011**

**21 Borrowings**

The Group’s borrowings as at the end of the reporting quarter are as follows:-

	RM'000
<u>Short term borrowings (unsecured)</u>	
Revolving credit and receivable factoring	3,065
Term loan	1,500
	4,565
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	2,000
Term loan	1,440
	3,440
Total	8,005
<u>Long term borrowings</u>	
Term loan - secured	3,060
Total	3,060
Total utilisation	11,065

All borrowings are denominated in Ringgit Malaysia.

**22 Derivative Financial Instruments**

As at the date of the statement of financial position 30 September 2011, 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	10,847,665	(446,568)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 2011, 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 2011**

**23 Disclosure of Realised and Unrealised Profits/Losses**

	As at 30/9/2011 (RM'000)	As at 30/6/2011 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(6,121)	(30,472)
- Unrealised	372	299
	(5,749)	(30,173)
Add: Consolidation adjustment	(12,219)	11,496
Accumulated losses as per financial statements	(17,968)	(18,677)

**24 Material Litigations**

There was no material litigation since the last annual balance sheet date until the date of this announcement.

**25 Dividends**

The Board of Directors does not recommend any dividend in respect of the financial period ended 30 September 2011.

**26 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.

**PENTAMASTER CORPORATION BERHAD (572307-U) (“Company”)  
Notes To The Interim Financial Report For Quarter Ended 30 September 2011**

BY ORDER OF THE BOARD

**LIM KIM TECK**  
Secretary  
21 November 2011