

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Individual Quarter 3 Months Ended		Cumulative Year Financial Year Ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Revenue	16,698	16,159	67,344	56,896
Cost of goods sold	(13,925)	(11,919)	(55,468)	(47,188)
Gross profit	<u>2,773</u>	<u>4,240</u>	<u>11,876</u>	<u>9,708</u>
Other income	1,829	65	4,248	2,461
Administrative expenses	(3,183)	(5,528)	(9,489)	(11,687)
Distribution costs	(268)	(512)	(2,300)	(1,980)
Other expenses	(26)	(1)	(59)	(19)
Operating profit/(loss)	<u>1,125</u>	<u>(1,736)</u>	<u>4,276</u>	<u>(1,517)</u>
Finance costs	(72)	(148)	(358)	(566)
Profit/(Loss) before taxation	<u>1,053</u>	<u>(1,884)</u>	<u>3,918</u>	<u>(2,083)</u>
Taxation	(829)	-	(1,066)	(52)
Profit/(Loss) for the year	<u><u>224</u></u>	<u><u>(1,884)</u></u>	<u><u>2,852</u></u>	<u><u>(2,135)</u></u>
Profit/(Loss) attributable to :				
Owners of the Parent	272	(1,445)	2,385	(1,333)
Non-controlling interests	(48)	(439)	467	(802)
	<u><u>224</u></u>	<u><u>(1,884)</u></u>	<u><u>2,852</u></u>	<u><u>(2,135)</u></u>
Profit/(Loss) per share attributable to owners of the parent (sen) :-				
- Basic	0.20	(1.08)	1.79	(1.00)
- 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 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the year	224	(1,884)	2,852	(2,135)
Other comprehensive income:				
Translation of foreign operations	-	1	(40)	8
Other comprehensive income/(loss) net of tax	-	1	(40)	8
Total comprehensive income/(loss) for the year	224	(1,883)	2,812	(2,127)
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	272	(1,444)	2,345	(1,325)
Non-controlling interests	(48)	(439)	467	(802)
	224	(1,883)	2,812	(2,127)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Unaudited As at 31/12/2013 RM'000	Audited As at 31/12/2012 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	44,313	46,562
Other investments	1,360	1,360
Intangible assets	3,400	5,884
	<u>49,073</u>	<u>53,806</u>
Current Assets		
Inventories	10,738	11,085
Trade receivables	16,825	19,353
Other receivables, deposits and prepayments	1,221	1,170
Tax recoverable	37	55
Derivative financial assets	-	11
Deposits, cash and bank balances	4,899	5,101
	<u>33,720</u>	<u>36,775</u>
Non current assets held for sale	-	360
	<u>33,720</u>	<u>37,135</u>
TOTAL ASSETS	<u><u>82,793</u></u>	<u><u>90,941</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(9,715)	(12,060)
	<u>56,907</u>	<u>54,562</u>
Non-Controlling interest	<u>(28)</u>	<u>(495)</u>
Total Equity	<u>56,879</u>	<u>54,067</u>
Non Current Liabilities		
Hire-purchase payables	188	-
Deferred income	2,382	5,574
Deferred tax liabilities	720	-
	<u>3,290</u>	<u>5,574</u>
Current Liabilities		
Trade payables	10,465	15,672
Other payables and accrued liabilities	5,488	4,986
Derivative financial liabilities	164	-
Short term bank borrowings	6,507	10,642
	<u>22,624</u>	<u>31,300</u>
Total Liabilities	<u>25,914</u>	<u>36,874</u>
TOTAL EQUITY AND LIABILITIES	<u><u>82,793</u></u>	<u><u>90,941</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 2012.

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 2013

	← 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	<u>66,622</u>	<u>4,865</u>	<u>39</u>	<u>(14,619)</u>	<u>56,907</u>	<u>(28)</u>	<u>56,879</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 2012	66,622	4,865	71	(15,671)	55,887	307	56,194
Total comprehensive income/(loss) for the year	-	-	8	(1,333)	(1,325)	(802)	(2,127)
As at 31 December 2012	<u>66,622</u>	<u>4,865</u>	<u>79</u>	<u>(17,004)</u>	<u>54,562</u>	<u>(495)</u>	<u>54,067</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 2012.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	12 Months ended 31/12/2013 RM'000	12 Months ended 31/12/2012 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	3,918	(2,083)
Adjustments for -		
Amortisation of intangible assets	3,601	2,690
Bad debts written off	-	8
Impairment loss on receivables	58	3,338
Reversal of Impairment loss on receivables	(758)	(57)
Deferred income released	(3,192)	(1,854)
Development expenditure written off	582	-
Depreciation	2,856	2,855
Dividend income	(55)	(81)
Interest expense	358	566
Interest income	-	(68)
Inventory written off	1,670	111
Gain on disposal of property, plant and equipment	(54)	-
Gain on disposal of non-current asset held for sale	-	(70)
Loss/(Gain) from change in fair value of forward foreign exchange contract	175	(224)
Property, plant & equipment written off	8	-
Reversal of write down of inventories	(1,834)	-
Unrealised (gain)/loss on foreign exchange	(233)	92
Operating profit before working capital changes	<u>7,100</u>	<u>5,223</u>
Decrease/(Increase) in inventories	511	(6,999)
Decrease/(Increase) in receivables	1,217	(7,393)
(Decrease)/Increase in payables	(2,826)	5,821
Cash generated from/(used in) operations	<u>6,002</u>	<u>(3,348)</u>
Interest paid	(358)	(566)
Tax paid	(329)	(22)
Net cash generated from/(used in) operating activities	<u>5,315</u>	<u>(3,936)</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 2013

	12 Months ended 31/12/2013 RM'000	12 Months ended 31/12/2012 RM'000
Cash Flows From Investing Activities		
Dividend received	55	81
Development expenditure paid	(1,046)	-
Interest received	-	68
Proceeds from disposal of property, plant & equipment	729	28
Purchase of property, plant & equipment	(883)	(65)
Net cash (used in)/generated from investing activities	<u>(1,145)</u>	<u>112</u>
Cash Flows From Financing Activities		
Short term borrowings (repaid)/obtained	(3,503)	6,368
Repayment of hire-purchase liabilities	(71)	-
Net term loan repaid	(758)	(3,382)
Net cash (used in)/generated from financing activities	<u>(4,332)</u>	<u>2,986</u>
Net Decrease In Cash And Cash Equivalents	(162)	(838)
Cash And Cash Equivalents Brought Forward	5,101	5,939
Foreign currency exchange differences on opening balance	(40)	-
Cash And Cash Equivalents Carried Forward	<u><u>4,899</u></u>	<u><u>5,101</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 2012.

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

Notes To The Interim Financial Report For Quarter Ended 31 December 2013

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 2013 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 2012.

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 2012 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 2013

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 31 December 2013, the Company has issued corporate guarantees amounting to RM27.0 million (31.12.12: RM24.5 million) as security for banking facilities granted to the Company and its subsidiaries of which RM6.38 million (31.12.12 : RM10.6 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 31 December 2013

10 Segmental Information

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	47,540	19,748	55	67,344
Inter-segment revenue	2,111	94	(2,205)	-
Total revenue	<u>49,652</u>	<u>19,843</u>	<u>(2,150)</u>	<u>67,344</u>
Results				
Segment results	4,844	337	(905)	4,276
Finance cost	(219)	(139)	-	(358)
Profit/(Loss) before taxation	<u>4,625</u>	<u>198</u>	<u>(905)</u>	<u>3,918</u>
Taxation	(1,081)	14	1	(1,066)
Profit/(Loss) after taxation	<u>3,544</u>	<u>212</u>	<u>(904)</u>	<u>2,852</u>

Results for the year ended 31 December 2012

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	46,740	10,075	81	56,896
Inter-segment revenue	2,246	874	(3,119)	-
Total revenue	<u>48,985</u>	<u>10,949</u>	<u>(3,038)</u>	<u>56,896</u>
Results				
Segment results	473	(1,598)	(392)	(1,517)
Finance cost	(239)	(322)	(5)	(566)
Profit/(Loss) before taxation	<u>234</u>	<u>(1,920)</u>	<u>(397)</u>	<u>(2,083)</u>
Taxation	(40)	(11)	(1)	(52)
Profit/(Loss) after taxation	<u>194</u>	<u>(1,931)</u>	<u>(398)</u>	<u>(2,135)</u>

PENTAMASTER CORPORATION BERHAD (572307-U)
(“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 December 2013

11 Profit Before Tax

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):		
Interest expense	(72)	(358)
Depreciation and amortisation	(607)	(2,801)
Development expenditure written off	(582)	(582)
Impairment loss on receivables	(10)	(58)
Reversal of impairment loss on receivables	5	758
Reversal of written down of inventories	3	1,834
Inventories written off	(1,055)	(1,670)
Foreign exchange (loss)/gain	(40)	211
Gain/(Loss) on derivatives	85	(175)

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 2013

13 Review of Performance

The Group recorded higher revenue at RM16.7 million in the current quarter as compared to RM16.2 million registered in the corresponding quarter last year. The higher revenue achieved was due to the increase in sales orders from the automated manufacturing solution operating segment which was offset by the lower revenue contribution from the automated equipment operating segment. The Group achieved a profit before tax of RM1.0 million in the current quarter as compared to the loss before tax of RM1.8 million in the previous corresponding quarter. The loss incurred in the previous corresponding quarter was mainly due to the impairment loss on trade receivables.

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 decrease in revenue by RM4.3 million to RM9.9 million as compared to the previous corresponding quarter was mainly due to the lower demand for automated equipment as a result of the global slowdown in the semiconductor market in the current quarter. From the bottom line perspective, this segment recorded a profit before tax of RM1.0 million in the current quarter as compared to the loss before tax of RM1.1 million in the previous corresponding quarter. The loss incurred in the previous corresponding quarter was mainly due to the impairment loss on trade receivables.

2) Automated manufacturing solution

Revenue from this segment was RM4.8 million higher than the previous corresponding quarter mainly due to demand for the integrated manufacturing solution from new customers. Accordingly, this segment recorded a profit before tax of RM0.3 million in the current quarter as compared to the loss before tax of RM0.6 million in the previous corresponding quarter.

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

Notes To The Interim Financial Report For Quarter Ended 31 December 2013

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

For the fourth quarter ended 31 December 2013, the Group achieved higher revenue at RM16.7 million as compared to the revenue of RM12.2 million in the preceding quarter. The higher revenue achieved was due to increase in sales orders from the automated equipment operating segment as well as the automated manufacturing solution operating segment. Consequently, the Group recorded a higher profit before tax of RM1.0 million as compared to RM0.5 million in the preceding quarter.

Performance of the respective operating segments for the fourth quarter ended 31 December 2013 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The increase in revenue by RM1.5 million to RM9.9 million as compared to the preceding quarter was mainly due to the delivery of automated equipment from the resumption of customers' orders that were deferred in 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 RM1.0 million as compared to RM0.5 million achieved in the preceding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM3.0 million higher than the preceding quarter mainly due to demand for the integrated manufacturing solution from new customers in the current quarter. Consequently, this segment recorded a higher profit before tax of RM0.3 million in the current quarter as compared to the marginal profit before tax of RM96,000 in the previous corresponding quarter.

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

Notes To The Interim Financial Report For Quarter Ended 31 December 2013

15 Current Year Prospect

We expect better revenue contribution in year 2014 stemming from the area of growth and opportunities from semiconductor industry, glove industry, food industry, wireless segment and robotic application related projects. We will continue 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 management is cautiously optimistic on the growth prospect of the company for the year 2014.

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	RM'000
Income tax payable	(109)	(346)
Deferred tax resulting from the origination and reversal of temporary differences	(720)	(720)
	<u>(829)</u>	<u>(1,066)</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 2013

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	281
Hire purchase creditor	126
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	6,100
Total	6,507
<u>Long term borrowings</u>	
Hire purchase creditor	188
Total utilisation	6,695

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 31 December 2013, 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	7,503	(164)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 December 2013, 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 2013

22 Disclosure of Realised and Unrealised Profits/Losses

	As at 31/12/2013 (RM'000)	As at 30/9/2013 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(32,078)	(44,693)
- Unrealised	120	8
	(31,958)	(44,685)
Add: Consolidation adjustment	17,339	29,794
Accumulated losses as per financial statements	(14,619)	(14,891)

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 has not recommended any dividend in respect of the quarter ended 31 December 2013 as at the date of the announcement.

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 2013

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
24 February 2013