

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2014

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2014 RM'000	31/3/2013 RM'000	31/3/2014 RM'000	31/3/2013 RM'000
Revenue	9,758	21,192	9,758	21,192
Cost of goods sold	(7,730)	(17,052)	(7,730)	(17,052)
Gross profit	<u>2,028</u>	<u>4,140</u>	<u>2,028</u>	<u>4,140</u>
Other income	202	822	202	822
Administrative expenses	(2,351)	(2,148)	(2,351)	(2,148)
Distribution costs	(376)	(1,154)	(376)	(1,154)
Other expenses	(25)	(4)	(25)	(4)
Operating (loss)/profit	<u>(522)</u>	<u>1,656</u>	<u>(522)</u>	<u>1,656</u>
Finance costs	(91)	(108)	(91)	(108)
(Loss)/Profit before taxation	<u>(613)</u>	<u>1,548</u>	<u>(613)</u>	<u>1,548</u>
Taxation	(62)	(12)	(62)	(12)
(Loss)/Profit for the period	<u><u>(675)</u></u>	<u><u>1,536</u></u>	<u><u>(675)</u></u>	<u><u>1,536</u></u>
(Loss)/Profit attributable to :				
Owners of the Parent	(1,082)	1,682	(1,082)	1,682
Non-controlling interests	407	(146)	407	(146)
	<u><u>(675)</u></u>	<u><u>1,536</u></u>	<u><u>(675)</u></u>	<u><u>1,536</u></u>
(Loss)/Profit per share attributable to owners of the parent (sen) :-				
- Basic	(0.81)	1.26	(0.81)	1.26
- 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 PERIOD ENDED 31 MARCH 2014**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2014 RM'000	31/3/2013 RM'000	31/3/2014 RM'000	31/3/2013 RM'000
(Loss)/Profit for the period	(675)	1,536	(675)	1,536
Other comprehensive income:				
Translation of foreign operations	(5)	(9)	(5)	(9)
Other comprehensive loss net of tax	(5)	(9)	(5)	(9)
Total comprehensive (loss)/income for the period	(680)	1,527	(680)	1,527
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(1,087)	1,673	(1,087)	1,673
Non-controlling interests	407	(146)	407	(146)
	(680)	1,527	(680)	1,527

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 MARCH 2014

	Unaudited As at 31/3/2014 RM'000	Audited As at 31/12/2013 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	43,839	44,313
Other investments	1,360	1,360
Intangible assets	4,262	3,400
	<u>49,461</u>	<u>49,073</u>
Current Assets		
Inventories	12,057	10,738
Trade receivables	12,440	18,684
Other receivables, deposits and prepayments	1,096	1,221
Tax recoverable	177	37
Derivative financial assets	31	-
Deposits, cash and bank balances	2,716	4,899
	<u>28,517</u>	<u>35,579</u>
TOTAL ASSETS	<u><u>77,978</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	(10,802)	(9,715)
	<u>55,820</u>	<u>56,907</u>
Non-Controlling interest	379	(28)
Total Equity	<u>56,199</u>	<u>56,879</u>
Non Current Liabilities		
Hire-purchase payables	156	188
Deferred income	2,211	2,382
Deferred tax liabilities	780	720
	<u>3,147</u>	<u>3,290</u>
Current Liabilities		
Trade payables	7,739	10,465
Other payables and accrued liabilities	4,263	7,347
Derivative financial liabilities	28	164
Short term bank borrowings	6,602	6,507
	<u>18,632</u>	<u>24,483</u>
Total Liabilities	<u>21,779</u>	<u>27,773</u>
TOTAL EQUITY AND LIABILITIES	<u><u>77,978</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 PERIOD ENDED 31 MARCH 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
Total comprehensive income/(loss) for the period	-	-	(5)	(1,082)	(1,087)	407	(680)
As at 31 March 2014	<u>66,622</u>	<u>4,865</u>	<u>34</u>	<u>(15,701)</u>	<u>55,820</u>	<u>379</u>	<u>56,199</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 2013	66,622	4,865	79	(17,004)	54,562	(495)	54,067
Total comprehensive income/(loss) for the period	-	-	(9)	1,682	1,673	(146)	1,527
As at 31 March 2013	<u>66,622</u>	<u>4,865</u>	<u>70</u>	<u>(15,322)</u>	<u>56,235</u>	<u>(641)</u>	<u>55,594</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 2013.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	3 Months ended 31/3/2014 RM'000	3 Months ended 31/3/2013 RM'000
Cash Flows From Operating Activities		
Profit before taxation	(613)	1,548
Adjustments for -		
Amortisation of intangible assets	317	970
Reversal of Impairment loss on receivables	(5)	-
Deferred income released	(171)	(798)
Depreciation	715	698
Interest expense	91	109
Interest income	(2)	(3)
Inventories written off	300	-
Gain on disposal of property, plant and equipment	-	(23)
Loss/(Gain) from change in fair value of forward foreign exchange contract	(167)	86
Reversal of write down of inventories	(564)	(109)
Unrealised (gain)/loss on foreign exchange	136	(48)
Operating profit before working capital changes	<u>37</u>	<u>2,430</u>
(Increase)/Decrease in inventories	(1,055)	606
Decrease/(Increase) in receivables	6,204	(3,367)
(Decrease)/Increase in payables	(5,775)	80
Cash used in operations	<u>(589)</u>	<u>(251)</u>
Interest paid	(91)	(109)
Tax paid	(142)	(8)
Net cash generated used in operating activities	<u>(822)</u>	<u>(368)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	3 Months ended 31/3/2014 RM'000	3 Months ended 31/3/2013 RM'000
Cash Flows From Investing Activities		
Development expenditure paid	(703)	-
Interest received	2	3
Proceeds from disposal of property, plant & equipment	-	20
Purchase of property, plant & equipment	(718)	-
Net cash (used in)/generated from investing activities	<u>(1,419)</u>	<u>23</u>
Cash Flows From Financing Activities		
Short term borrowings obtained/(repaid)	94	(587)
Repayment of hire-purchase liabilities	(31)	-
Net term loan repaid	-	(369)
Net cash generated from/(used in) financing activities	<u>63</u>	<u>(956)</u>
Net Decrease In Cash And Cash Equivalents	(2,178)	(1,301)
Cash And Cash Equivalents Brought Forward	4,899	5,101
Foreign currency exchange differences on opening balance	(5)	(9)
Cash And Cash Equivalents Carried Forward	<u>2,716</u>	<u>3,791</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 March 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 March 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 March 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

As at 31 March 2014, the Company has issued corporate guarantees amounting to RM24.5 million (31.12.13: RM27.0 million) as security for banking facilities granted to the Company and its subsidiaries of which RM6.48 million (31.12.13 : RM6.38 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 March 2014****10 Segmental Information****Results for the period ended 31 March 2014**

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	7,643	2,115	-	9,758
Inter-segment revenue	590	379	(969)	-
Total revenue	8,233	2,494	(969)	9,758
Results				
Segment results	170	(412)	(280)	(522)
Finance cost	(60)	(31)	-	(91)
Profit/(Loss) before taxation	110	(443)	(280)	(613)
Taxation	(61)	(1)	(0)	(62)
Profit/(Loss) after taxation	49	(444)	(280)	(675)

Results for the period ended 31 March 2013

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	16,219	4,973	-	21,192
Inter-segment revenue	632	-	(632)	-
Total revenue	16,851	4,973	(632)	21,192
Results				
Segment results	1,689	64	(97)	1,656
Finance cost	(70)	(38)	-	(108)
Profit/(Loss) before taxation	1,619	26	(97)	1,548
Taxation	(9)	(2)	(1)	(12)
Profit/(Loss) after taxation	1,610	24	(98)	1,536

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 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	2	2
Interest expense	(91)	(91)
Depreciation and amortisation	(715)	(715)
Reversal of impairment loss on receivables	5	5
Reversal of written down of inventories	564	564
Inventories written off	(300)	(300)
Foreign exchange loss	(198)	(198)
Gain on derivatives	167	167

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 March 2014

13 Review of Performance

The Group recorded lower revenue at RM9.8 million in the current quarter as compared to RM21.2 million registered in the corresponding quarter last year. The lower revenue recorded was due to drop in sales from both the automated equipment segment as well as the automated manufacturing solution operating segment as a result of lower demand from the semiconductor sector and customers' deferment in project delivery in the current quarter. Consequently, the Group recorded a loss before tax of RM0.6 million in the current quarter as compared to the profit before tax of RM1.5 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

The decrease in revenue by RM8.6 million to RM7.6 million as compared to the previous corresponding quarter was mainly due to customers' deferment in certain major project delivery in the current quarter. With the decrease in revenue, this segment recorded a lower profit before tax of RM0.1 million in the current quarter as compared to the profit before tax of RM1.6 million in the previous corresponding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM2.9 million lower than the previous corresponding quarter mainly due to lower demand for the integrated manufacturing solution from customers in the current quarter. Accordingly, this segment recorded a loss before tax of RM0.4 million in the current quarter as compared to the marginal profit before tax of RM25,000 in the previous corresponding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

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

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

For the first quarter ended 31 March 2014, the Group recorded lower revenue at RM9.8 million as compared to the revenue of RM16.7 million in the preceding quarter. The lower revenue recorded was due to customers’ deferment in project delivery for certain major projects in the automated equipment segment and decrease in sales orders from the automated manufacturing solution operating segment. Consequently, the Group recorded a loss before tax of RM0.6 million as compared to a profit before tax of RM1.0 million in the preceding quarter.

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

1) Automated equipment

The drop in revenue by RM2.3 million to RM7.6 million as compared to the preceding quarter was mainly due to customers’ deferment in project delivery for certain major projects in the current quarter. Consequently, this segment recorded a lower profit before tax of RM0.1 million as compared to RM1.0 million achieved in the preceding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM4.6 million lower than the preceding quarter mainly due to lower demand for the integrated manufacturing solution from customers in the current quarter. Consequently, this segment recorded a loss before tax of RM0.4 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 March 2014

15 Current Year Prospect

We expect to witness better revenue in quarter 2 from the increase in sales demand from both segments as well as the delivery of deferred projects in the current quarter.

Amid heightened competition, the Group will continue to enhance product lines, add value to existing value chain and remain competitive in pricing. We will continue to focus on growing our business organically and embrace aggressive pursuit of business innovation and operational efficiency to remain relevant.

Subject to the external market conditions and macroeconomic factors, the Company believes that its performance will continue to grow positively with better controllable cost structure in place and wider sales market base.

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	(2)	(2)
Deferred tax resulting from the origination and reversal of temporary differences	(60)	(60)
	<u>(62)</u>	<u>(62)</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 March 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	127
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	<u>6,475</u>
Total	<u><u>6,602</u></u>
<u>Long term borrowings</u>	
Hire purchase creditor	<u>156</u>
Total utilisation	<u><u>6,758</u></u>

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 31 March 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	6,466	3	For hedging currency risk arising from sales proceeds in foreign currencies

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

	As at 31/3/2014 (RM'000)	As at 31/12/2013 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(31,838)	(31,487)
- Unrealised	(796)	(471)
	(32,634)	(31,958)
Add: Consolidation adjustment	16,932	17,339
Accumulated losses as per financial statements	(15,702)	(14,619)

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 March 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 March 2014

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
24 April 2014