

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

	Note	Individual Quarter 3 Months Ended		Cumulative Period Financial Period Ended	
		30/6/2010 RM'000	30/6/2009 (restated) RM'000	30/6/2010 RM'000	30/6/2009 (restated) RM'000
Revenue		22,471	18,702	41,771	36,335
Cost of goods sold		(17,894)	(12,441)	(34,709)	(32,674)
Gross profit		<u>4,577</u>	<u>6,261</u>	<u>7,062</u>	<u>3,661</u>
Other income		1,096	657	1,796	1,606
Administrative expenses		(3,294)	(3,728)	(6,087)	(7,498)
Distribution costs		(400)	(1,304)	(1,600)	(2,338)
Other expenses		(237)	(500)	(1,197)	(820)
Operating profit/(Loss)		<u>1,742</u>	<u>1,386</u>	<u>(26)</u>	<u>(5,389)</u>
Finance costs		(908)	(1,029)	(1,868)	(2,127)
Profit/(Loss) before taxation		<u>834</u>	<u>357</u>	<u>(1,894)</u>	<u>(7,516)</u>
Taxation		(45)	(13)	(56)	(27)
Profit/(Loss) for the period		<u><u>789</u></u>	<u><u>344</u></u>	<u><u>(1,950)</u></u>	<u><u>(7,543)</u></u>
Profit/(Loss) attributable to :					
Owners of the Parent		534	439	(2,050)	(7,524)
Non-controlling interests		255	(95)	100	(19)
		<u><u>789</u></u>	<u><u>344</u></u>	<u><u>(1,950)</u></u>	<u><u>(7,543)</u></u>
Profit per share attributable to owners of the parent (sen) :-					
- Basic		0.40	0.33	(1.54)	(5.65)
- 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 2009.

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

	Individual Quarter 3 Months Ended		Cumulative Period Financial Period Ended	
	30/6/2010	30/6/2009 (restated)	30/6/2010	30/6/2009 (restated)
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	789	344	(1,950)	(7,543)
Other comprehensive income:				
Translation of foreign operations	(5)	(66)	(10)	22
Other comprehensive income net of tax	<u>(5)</u>	<u>(66)</u>	<u>(10)</u>	<u>22</u>
Total comprehensive income for the period	<u>784</u>	<u>278</u>	<u>(1,960)</u>	<u>(7,521)</u>
Total comprehensive income attributable to:				
Owners of the Parent	529	373	(2,060)	(7,502)
Non-controlling interests	255	(95)	100	(19)
	<u>784</u>	<u>278</u>	<u>(1,960)</u>	<u>(7,521)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	Unaudited As at 30/6/2010	Audited As at 31/12/2009 (restated)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	114,351	117,679
Available-for-sale investments	3,679	3,679
Intangible assets	16,749	17,145
	<u>134,779</u>	<u>138,503</u>
<b>Current Assets</b>		
Inventories	15,486	13,435
Trade receivables	21,341	16,836
Other receivables, deposits & prepayments	2,393	3,250
Derivative financial instruments	3	-
Tax recoverable	156	268
Cash and bank balances	4,120	5,158
	<u>43,499</u>	<u>38,947</u>
<b>TOTAL ASSETS</b>	<u><u>178,278</u></u>	<u><u>177,450</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners of the Parents</b>		
Share capital	66,622	66,622
Reserves	8,393	10,447
	<u>75,015</u>	<u>77,069</u>
<b>Non-Controlling interest</b>	1,390	1,290
<b>Total Equity</b>	<u>76,405</u>	<u>78,359</u>
<b>Non Current Liabilities</b>		
Term loans	39,933	42,756
Deferred income	11,427	11,643
Deferred tax liabilities	2,226	2,226
	<u>53,586</u>	<u>56,625</u>
<b>Current Liabilities</b>		
Trade payables	19,522	11,433
Other payables and accruals	9,130	7,582
Provision for warranty costs	-	171
Derivative financial instruments	-	39
Short term borrowings		
- overdrafts	-	459
- other borrowings	19,635	22,782
	<u>48,287</u>	<u>42,466</u>
<b>Total Liabilities</b>	<u>101,873</u>	<u>99,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>178,278</u></u>	<u><u>177,450</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 2009.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

	← 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 2010	66,622	4,865	116	5,505	77,108	1,290	78,398
Effects of applying FRS 139				(39)	(39)		(39)
Restated balance	66,622	4,865	116	5,466	77,069	1,290	78,359
Total comprehensive income for the period	-	-	(4)	(2,050)	(2,054)	100	(1,954)
As at 30 June 2010	66,622	4,865	112	3,416	75,015	1,390	76,405

	← 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	
Restated As at 1 January 2009	66,622	4,865	131	12,645	84,263	1,159	85,422
Total comprehensive income for the period	-	-	22	(7,524)	(7,502)	(19)	(7,521)
As at 30 June 2009	66,622	4,865	153	5,121	76,761	1,140	77,901

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2010**

	<b>6 Months ended 30/6/2010</b>	<b>6 Months ended 30/6/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(1,894)	(7,516)
Adjustments for -		
Allowance for doubtful debts		50
Allowance for doubtful debts no longer required		(215)
Amortisation of development cost	1,363	-
Amortisation of intangible assets	204	175
Amortisation of prepaid lease payment	69	68
Deferred income released	(1,267)	(764)
Bad debts written off		130
Depreciation	3,013	2,678
Interest expense	1,869	2,127
Interest income	(28)	(2)
Inventory written off	33	1,386
Inventory written down	(44)	1,324
Impairment loss for investment	-	400
Impairment loss on inventory	(185)	
Gain/(Loss) on disposal of property, plant and equipment	(132)	(43)
Other non-cash movements	(42)	
Provision for warranty cost	(171)	-
Fixed assets written off		100
Unrealised (gain)/loss on foreign exchange	180	
Operating loss before working capital changes	<u>2,968</u>	<u>(102)</u>
Changes in working capital		
Inventories	(1,855)	7,596
Receivables	(5,287)	6,058
Payables	11,115	(7,498)
Cash generated from operations	<u>6,941</u>	<u>6,054</u>
Interest paid	(1,869)	(2,127)
Grant received	1,051	2,709
Tax refund	65	572
Tax paid	(22)	(296)
Net cash generated from operating activities	<u>6,166</u>	<u>6,912</u>
<b>Cash Flows From Investing Activities</b>		
Interest received	28	2
Development expenditure	(1,171)	(878)
Proceeds from disposal of property, plant & equipment	379	427
Purchase of computer software	-	(4)
Purchase of property, plant and equipment	(2)	(517)
Net cash outflow from investing activities	<u>(766)</u>	<u>(970)</u>

**Cash Flows From Financing Activities**

Short term borrowings	(1,817)	(7,963)
Proceeds from term loan drawdown	1,523	3,369
Hire purchase payables		(77)
Repayment of term loan	(5,676)	(1,375)
Net cash (outflow)/inflow from financing activities	<u>(5,970)</u>	<u>(6,046)</u>
<b>Net Increase In Cash And Cash Equivalents</b>	(570)	(104)
<b>Cash And Cash Equivalents As At 1 January</b>	4,699	3,308
Foreign exchange differences on opening balance	(9)	22
<b>Cash And Cash Equivalents As At 31 December</b>	<u>4,120</u>	<u>3,226</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 2009.

# **PENTAMASTER CORPORATION BERHAD (572307-U)**

## **Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

### **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 June 2010 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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 2009, except for the following:

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

In the current period ended 30 June 2010, 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 7, Financial Instruments: Disclosures.
- FRS 8, Operating Segments.
- FRS101 (revised), Presentation of Financial Statements.
- FRS 123 (revised), Borrowing Costs.
- 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 8
- Amendments to FRS 139, FRS 7 and IC Interpretation 9
- Amendment to FRS 117
- Amendment to FRS 134

### **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 2009 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. Notwithstanding the cyclical nature of the semiconductor industry, the Group has a wide product range and customer base globally to mitigate any adverse developments affecting a particular geographical market and/or customer type.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

**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 June 2010, the Company has issued corporate guarantees amounting to RM46.0 million (31.12.09: RM37.9 million) as security for banking facilities granted to the Company and its subsidiaries of which RM29.1 million (31.12.09 : RM32.5 million) were utilized.

**9 Capital Commitments**

Capital commitments for the Group in respect of property, plant and equipment not provided for as at 30 June 2010 are as follows –

Approved but not contracted for	
- Grant assets	RM7.8 million
- Others (machine)	RM1.6 million



**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

**10 Segmental Information**

**Results for period ended 30 June 2010**

	Contract manufacturing	Automated Equipment	Intelligent sortation system	Test and measurement systems	Information technology system	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External Revenue	12,647	20,734	5,909	965	1,516	-	41,771
Inter-segment revenue	2,789	237	-	270	431	-	3,727
Total revenue	<u>15,436</u>	<u>20,971</u>	<u>5,909</u>	<u>1,235</u>	<u>1,947</u>	<u>-</u>	<u>45,498</u>
<b>Results</b>							
Segment results	524	2,479	(1,312)	320	189	(2,226)	(26)
Finance cost	2	(471)	(1,251)	(9)	-	(139)	(1,868)
Profit/(Loss) before taxation	<u>526</u>	<u>2,008</u>	<u>(2,563)</u>	<u>311</u>	<u>189</u>	<u>(2,365)</u>	<u>(1,894)</u>
Taxation	(4)	(4)	(41)	(1)	(4)	(2)	(56)
Profit/(Loss) after taxation	<u>522</u>	<u>2,004</u>	<u>(2,604)</u>	<u>310</u>	<u>185</u>	<u>(2,367)</u>	<u>(1,950)</u>

**Results for period ended 30 June 2009**

	Contract manufacturing	Automated Equipment	Intelligent sortation system	Test and measurement systems	Information technology system	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External Revenue	15,100	11,389	8,453	810	583	-	36,335
Inter-segment revenue	1,029	37	-	104	24	-	1,194
Total revenue	<u>16,129</u>	<u>11,426</u>	<u>8,453</u>	<u>914</u>	<u>607</u>	<u>-</u>	<u>37,529</u>
<b>Results</b>							
Segment results	(36)	(1,122)	(836)	41	(387)	(3,049)	(5,389)
Finance cost	(117)	(524)	(1,230)	(14)	-	(242)	(2,127)
Profit/(Loss) before taxation	<u>(153)</u>	<u>(1,646)</u>	<u>(2,066)</u>	<u>27</u>	<u>(387)</u>	<u>(3,291)</u>	<u>(7,516)</u>
Taxation	(5)	(5)	(10)	(1)	(2)	(4)	(27)
Profit/(Loss) after taxation	<u>(158)</u>	<u>(1,651)</u>	<u>(2,076)</u>	<u>26</u>	<u>(389)</u>	<u>(3,295)</u>	<u>(7,543)</u>

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

**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's revenue was higher at RM22.5 million in the current quarter, representing an increase of 20.3% when compared to RM18.7 million in the previous corresponding quarter. The higher revenue achieved was mainly due to the overall improvement in demand for semiconductor equipment.

In line with the increase in revenue, the Group registered a profit before tax of RM0.8 million as compared to RM0.3 million in the preceding year corresponding quarter.

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

The Group's revenue of RM22.5 million for the second quarter shows an increase of 16.6% as compared to RM19.3 million registered in the preceding quarter. The higher sales were driven by improved demand from the semiconductor market and contract manufacturing business.

Consequently, the Group recorded a profit before tax of RM0.8 million against RM2.7 million loss before tax in the preceding quarter. This is due to the improvement in profit margin from semiconductor business.

**14 Current Year Prospect**

The Group is cautiously optimistic of achieving a better operating performance for the financial year 2010 due to:-

- (i) Improving global economy and demand from semiconductor industry customers
- (ii) Continuing cost improvement measures implemented

**15 Profit Forecast or Profit Guarantee**

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

**16 Taxation**

The taxation charge for the current quarter and year to date is as follows -

	Current Quarter RM'000	Current Year to Date RM'000
Income tax payable	45	56

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

**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.

**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>	
Banker's acceptance and receivable factoring	3,336
Term loan	6,274
	<u>9,610</u>
<u>Short term borrowings (secured)</u>	
Banker's acceptance and revolving credit	6,679
Term loan	4,474
	<u>11,153</u>
Total	<u>20,763</u>
<u>Long term borrowings</u>	
Term loan - unsecured	24,500
Term loan - secured	14,305
Total	<u>38,805</u>
Total utilisation	<u>59,568</u>

All borrowings are denominated in Ringgit Malaysia.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

**22 Derivative Financial Instruments**

As at the date of the statement of financial position 30 June 2010, the Group has the following outstanding derivative financial instruments:

<b>Derivatives</b>	<b>Contract or Notional amount</b>	<b>Fair value Net gains/(losses)</b>	<b>Purpose</b>
Currency forward contracts: - Less than 1 year	318,520	3,080	For hedging currency risk

For the quarter ended 30 June 2010, 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.

**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 financial period ended 30 June 2010.

**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 (2009 : 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)**  
**Notes To The Interim Financial Report For Quarter Ended 30 June 2010**

BY ORDER OF THE BOARD

**LIM KIM TECK**  
**Secretary**  
**26 August 2010**