

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2015

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2015 RM'000	31/3/2014 RM'000	31/3/2015 RM'000	31/3/2014 RM'000
Revenue	19,351	9,758	19,351	9,758
Cost of goods sold	(14,761)	(7,730)	(14,761)	(7,730)
Gross profit	<u>4,590</u>	<u>2,028</u>	<u>4,590</u>	<u>2,028</u>
Other income	317	202	317	202
Administrative expenses	(2,587)	(2,351)	(2,587)	(2,351)
Distribution costs	(849)	(376)	(849)	(376)
Other expenses	(45)	(25)	(45)	(25)
Operating profit/(loss)	<u>1,426</u>	<u>(522)</u>	<u>1,426</u>	<u>(522)</u>
Finance costs	(2)	(91)	(2)	(91)
Profit/(loss) before taxation	<u>1,424</u>	<u>(613)</u>	<u>1,424</u>	<u>(613)</u>
Taxation	(1)	(62)	(1)	(62)
Profit/(loss) for the period	<u><u>1,423</u></u>	<u><u>(675)</u></u>	<u><u>1,423</u></u>	<u><u>(675)</u></u>
Profit/(loss) attributable to :				
Owners of the Parent	1,751	(1,082)	1,751	(1,082)
Non-controlling interests	(328)	407	(328)	407
	<u><u>1,423</u></u>	<u><u>(675)</u></u>	<u><u>1,423</u></u>	<u><u>(675)</u></u>
Profit/(loss) per share attributable to owners of the parent (sen) :-				
- Basic	1.31	(0.81)	1.31	(0.81)
- 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 2014.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2015 RM'000	31/3/2014 RM'000	31/3/2015 RM'000	31/3/2014 RM'000
Profit/(loss) for the period	1,423	(675)	1,423	(675)
Other comprehensive income:				
Translation of foreign operations	(51)	(5)	(51)	(5)
Other comprehensive income/(loss) net of tax	<u>(51)</u>	<u>(5)</u>	<u>(51)</u>	<u>(5)</u>
Total comprehensive income/(loss) for the period	<u>1,372</u>	<u>(680)</u>	<u>1,372</u>	<u>(680)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	1,700	(1,087)	1,700	(1,087)
Non-controlling interests	(328)	407	(328)	407
	<u>1,372</u>	<u>(680)</u>	<u>1,372</u>	<u>(680)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2015**

	Unaudited As at 31/3/2015 RM'000	Audited As at 31/12/2014 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	42,155	41,819
Intangible assets	3,478	3,811
Deferred tax assets	650	650
	<u>46,283</u>	<u>46,280</u>
Current Assets		
Inventories	11,960	11,105
Trade receivables	14,537	20,124
Other receivables, deposits and prepayments	2,132	2,589
Other investments	1,360	1,360
Tax recoverable	3	3
Deposits, cash and bank balances	9,989	8,382
	<u>39,981</u>	<u>43,563</u>
TOTAL ASSETS	<u><u>86,264</u></u>	<u><u>89,843</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	66,622	66,622
Reserves	(3,464)	(5,164)
	<u>63,158</u>	<u>61,458</u>
Non-Controlling interest	<u>1,156</u>	<u>1,484</u>
Total Equity	<u><u>64,314</u></u>	<u><u>62,942</u></u>
Non Current Liabilities		
Hire-purchase payables	23	56
Deferred income	1,745	1,950
Deferred tax liabilities	2,050	2,050
	<u>3,818</u>	<u>4,056</u>
Current Liabilities		
Trade payables	8,792	9,601
Other payables and accrued liabilities	8,014	11,481
Provision for warranty	127	127
Derivative financial liabilities	993	1,306
Short term bank borrowings	133	132
Provision for taxation	73	198
	<u>18,132</u>	<u>22,845</u>
Total Liabilities	<u><u>21,950</u></u>	<u><u>26,901</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>86,264</u></u>	<u><u>89,843</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 2014.

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 2015

	← 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 2015	66,622	4,865	59	(10,088)	61,458	1,484	62,942
Total comprehensive income/(loss) for the period	-	-	(59)	1,751	1,692	(328)	1,364
Foreign currency translation differences on foreign operations	-	-	-	8	8	-	8
As at 31 March 2015	<u>66,622</u>	<u>4,865</u>	<u>-</u>	<u>(8,329)</u>	<u>63,158</u>	<u>1,156</u>	<u>64,314</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 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>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015

	3 Months ended 31/3/2015 RM'000	3 Months ended 31/3/2014 RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,424	(613)
Adjustments for -		
Amortisation of intangible assets	363	317
Bad debts written off	1	-
Deferred income released	(205)	(171)
Depreciation	635	715
Interest expense	2	91
Interest income	(6)	(2)
Inventories written off	-	300
Inventories written down	3	-
Reversal of Impairment loss on receivables	-	(5)
Gain on disposal of property, plant and equipment	(71)	-
Gain from change in fair value of forward foreign exchange contract	(313)	(167)
Reversal of write down of inventories	-	(564)
Unrealised loss on foreign exchange	55	136
Operating profit before working capital changes	<u>1,888</u>	<u>37</u>
Increase in inventories	(858)	(1,055)
Decrease in receivables	5,986	6,204
Decrease in payables	(4,290)	(5,775)
Cash generated from/(used in) operations	<u>2,726</u>	<u>(589)</u>
Interest paid	(2)	(91)
Tax paid	(126)	(142)
Net cash generated from/(used in) operating activities	<u>2,598</u>	<u>(822)</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 2015

	3 Months ended 31/3/2015 RM'000	3 Months ended 31/3/2014 RM'000
Cash Flows From Investing Activities		
Development expenditure paid	-	(703)
Interest received	6	2
Proceeds from disposal of property, plant & equipment	87	-
Purchase of property, plant & equipment	(972)	(718)
Purchase of intangible assets	(29)	-
Net cash used in investing activities	<u>(908)</u>	<u>(1,419)</u>
Cash Flows From Financing Activities		
Short term borrowings obtained	-	94
Repayment of hire-purchase liabilities	(32)	(31)
Net cash (used in)/generated from financing activities	<u>(32)</u>	<u>63</u>
Net Increase/Decrease In Cash And Cash Equivalents	1,658	(2,178)
Cash And Cash Equivalents Brought Forward	8,382	4,899
Foreign currency exchange differences on opening balance	(51)	(5)
Cash And Cash Equivalents Carried Forward	<u>9,989</u>	<u>2,716</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 2014.

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PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2015

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 2015 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 2014.

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 2014 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 2015

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

	Company	
	As at 31/3/2015	As at 31/12/2014
	RM'000	RM'000
Corporate guarantee given by the Company for banking facilities extended by financial institution to subsidiary companies		
- Limit	26,860	35,000
- Amount utilised	-	-

9 Capital Commitments

The Company had on 19 March 2015 announced that its wholly owned subsidiary, Pentamaster Technology (M) Sdn Bhd, had on the same day, entered into a sale and purchase agreement with The Penang Development Corporation ("PDC") for the proposed acquisition of a piece of leasehold land for a total cash consideration of RM5,015,490 of which an initial payment of 20% of the purchase price, which is equivalent to RM1,003,098, had been paid to PDC.

PENTAMASTER CORPORATION BERHAD (572307-U)**(“Company”)****Notes To The Interim Financial Report For Quarter Ended 31 March 2015****10 Segmental Information****Results for the period ended 31 March 2015**

	Automated Equipment	Automated Manufacturing Solution	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
External Revenue	7,540	11,811	-	19,351
Inter-segment revenue	1	50	(51)	-
Total revenue	7,541	11,861	(51)	19,351
Results				
Segment results	(739)	2,389	(224)	1,426
Finance cost	(2)	-	-	(2)
Profit/(Loss) before taxation	(741)	2,389	(224)	1,424
Taxation	(1)	(0)	(0)	(1)
Profit/(Loss) after taxation	(742)	2,389	(224)	1,423

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	1,086	(1,326)	(282)	(522)
Finance cost	(60)	(31)	-	(91)
Profit/(Loss) before taxation	1,026	(1,357)	(282)	(613)
Taxation	(61)	(1)	(0)	(62)
Profit/(Loss) after taxation	965	(1,358)	(282)	(675)

During the quarter, the Group had made changes to the composition of its reportable segments to reflect a better overview of the business activities carried out by each reportable segment. Following the change in the composition of its reportable segment, the corresponding segment information has been restated accordingly.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2015

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	6	6
Interest expense	(2)	(2)
Depreciation and amortisation	(749)	(749)
Bad debts written off	(1)	(1)
Written down of inventories	(3)	(3)
Gain on disposal of property, plant and equipment	71	71
Foreign exchange gain	30	30
Gain on derivatives	313	313

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 2015

13 Review of Performance

The Group recorded higher revenue at RM19.4 million in the current quarter as compared to RM9.8 million registered in the corresponding quarter last year. The higher revenue recorded was mainly due to the increase in sales orders from the automated manufacturing solution operating segment as a result of higher demand from the semiconductor sector. Consequently, the Group recorded a profit before tax of RM1.4 million in the current quarter as compared to the loss before tax of RM0.6 million in the previous corresponding quarter mainly due to the increase in sales from the automated manufacturing solution operating segment which was offset by the lower sales contribution from the automated equipment operating segment in this reporting 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

This segment recorded a slight drop in revenue by RM0.1 million (1.3%) to RM7.5 million as compared to the previous corresponding quarter. Due to the change in product mix in the current quarter, this segment recorded a loss before tax of RM0.7 million as compared to the profit before tax of RM1.0 million in the previous corresponding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM9.7 million higher than the previous corresponding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. As a result, this segment recorded a profit before tax of RM2.4 million in the current quarter as compared to the loss before tax of RM1.4 million in the previous corresponding quarter mainly driven by the increase in sales orders.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2015

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

For the first quarter ended 31 March 2015, the Group recorded lower revenue at RM19.4 million as compared to the revenue of RM22.3 million in the preceding quarter. The lower revenue recorded was due to the decrease in sales from the automated equipment operating segment which was offset by the higher revenue contribution from the automated manufacturing solution operating segment. Consequently, the Group achieved a lower profit before tax of RM1.4 million as compared to the profit before tax of RM3.1 million in the preceding quarter.

Performance of the respective operating segments for the first quarter ended 31 March 2015 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The drop in revenue by RM4.9 million in the current quarter to RM7.5 million as compared to the preceding quarter was mainly due to lower demand for automated equipment from semiconductor market coupled with the deferment in certain project delivery in the current quarter. As a result of the above factors coupled with the change in sales mix, this segment recorded a loss before tax of RM0.7 million as compared to RM3.3 million achieved in the preceding quarter.

2) Automated manufacturing solution

Revenue from this segment was RM2.0 million higher than the preceding quarter mainly due to higher demand for the integrated manufacturing solution from customers in the current quarter. Consequently, this segment recorded a higher profit before tax of RM2.4 million in the current quarter as compared to the marginal profit before tax of RM0.2 million in the previous corresponding quarter mainly due to higher revenue recorded coupled with the better sales mix achieved.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2015

15 Current Year Prospect

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

We will continue to strengthen the market position and expand the customer base amidst the continuous competition and challenges faced in the automation business. Given the circumstances, we have adopted a more robust cost efficiency campaign during the year which encompasses all areas of operation with the determination to reduce the unnecessary wastage in cost. Subject to the external market conditions and macroeconomic factors, the management is cautiously optimistic on its outlook for the remainder of this year and would seek to surpass last year's performance.

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	(1)	(1)
Deferred tax resulting from the origination and reversal of temporary differences	-	-
	<u>(1)</u>	<u>(1)</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 2015

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	133
<u>Long term borrowings (unsecured)</u>	
Hire purchase creditor	23
Total utilisation	156

All borrowings are denominated in Ringgit Malaysia.

21 Derivative Financial Instruments

As at the date of the statement of financial position 31 March 2015, 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	13,101	(992)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2015, 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 2015

22 Disclosure of Realised and Unrealised Profits/Losses

	As at 31/3/2015 (RM'000)	As at 31/12/2014 (RM'000)
Total accumulated losses of Pentamaster Corporation Berhad and its subsidiaries:		
- Realised	(2,927)	(4,956)
- Unrealised	(1,073)	(1,027)
	(4,000)	(5,983)
Add: Consolidation adjustment	(4,329)	(4,105)
Accumulated losses as per financial statements	(8,329)	(10,088)

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 2015.

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 2015

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
23 April 2015