

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2018 RM'000	31/3/2017 RM'000	31/3/2018 RM'000	31/3/2017 RM'000
Revenue	99,383	47,572	99,383	47,572
Cost of goods sold	(69,886)	(34,557)	(69,886)	(34,557)
Gross profit	29,497	13,015	29,497	13,015
Other income	5,955	3,736	5,955	3,736
Administrative expenses	(18,708)	(6,561)	(18,708)	(6,561)
Distribution costs	(133)	(779)	(133)	(779)
Other operating expenses	(55)	(46)	(55)	(46)
Operating profit	16,556	9,365	16,556	9,365
Finance costs	(49)	(24)	(49)	(24)
Share of results of an associate	(19)	-	(19)	-
Profit before taxation	16,488	9,341	16,488	9,341
Taxation	(1,434)	(846)	(1,434)	(846)
Profit and total comprehensive income for the period	15,054	8,495	15,054	8,495
Profit and total comprehensive income for the period attributable to :				
Owners of the Company	7,227	7,538	7,227	7,538
Non-controlling interests	7,827	957	7,827	957
	15,054	8,495	15,054	8,495
Earnings per share attributable to owners of the Company (sen) :- - Basic and diluted	2.28	2.38	2.28	2.38
One-off and non-recurring costs				
Listing expenses	7,146	-	7,146	-
Reported profit for the period	15,054	8,495	15,054	8,495
Adjusted profit for the period	22,200	8,495	22,200	8,495

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three months ended 31 March 2018 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MARCH 2018**

	Unaudited As at 31/3/2018 RM'000	Audited As at 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,703	45,971
Intangible assets	4,025	3,013
Investment in an associate	992	1,011
	<u>52,720</u>	<u>49,995</u>
Current assets		
Inventories	122,445	121,570
Trade receivables	43,799	41,038
Other receivables, deposits and prepayments	31,770	60,963
Derivative financial assets	5,915	461
Cash and cash equivalents	293,576	82,202
Tax recoverable	98	20
	<u>497,603</u>	<u>306,254</u>
TOTAL ASSETS	<u><u>550,323</u></u>	<u><u>356,249</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	79,303	79,303
Reserves	227,045	100,917
	<u>306,348</u>	<u>180,220</u>
Non-controlling interests	89,144	20,126
Total Equity	<u>395,492</u>	<u>200,346</u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,632	3,762
Deferred income	386	419
	<u>4,018</u>	<u>4,181</u>
Current liabilities		
Trade payables	37,878	26,050
Other payables, accruals and provision	111,562	124,640
Borrowings	513	507
Provision for taxation	860	525
	<u>150,813</u>	<u>151,722</u>
Total Liabilities	<u>154,831</u>	<u>155,903</u>
TOTAL EQUITY AND LIABILITIES	<u><u>550,323</u></u>	<u><u>356,249</u></u>

The unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2018 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2018

	Equity attributable to owners of the Company				Non-controlling Interests	Total equity
	Share capital	Share premium	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000		
As at 1 January 2018	79,303	-	100,917	180,220	20,126	200,346
<i>Transaction with owners:</i>						
Total comprehensive income for the period	-	-	7,227	7,227	7,827	15,054
Disposal of equity interest to non-controlling interests			118,901	118,901	61,191	180,092
As at 31 March 2018	<u>79,303</u>	<u>-</u>	<u>227,045</u>	<u>306,348</u>	<u>89,144</u>	<u>395,492</u>

	Equity attributable to owners of the Company				Non-controlling Interests	Total equity
	Share capital	Share premium	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000		
As at 1 January 2017	73,283	6,020	28,893	108,196	3,978	112,174
<i>Transaction with owners:</i>						
Total comprehensive income for the period	-	-	7,538	7,538	957	8,495
Transition to no-par value regime on 31 January 2017	6,020	(6,020)	-	-	-	-
As at 31 March 2017	<u>79,303</u>	<u>-</u>	<u>36,431</u>	<u>115,734</u>	<u>4,935</u>	<u>120,669</u>

The unaudited Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2018 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	3 Months ended 31/3/2018 RM'000	3 Months ended 31/3/2017 RM'000
Cash flows from operating activities		
Profit before taxation	16,488	9,341
Adjustments for:		
Amortisation of intangible assets	182	180
Deferred income released	(33)	(235)
Depreciation	558	708
Interest expense	49	24
Interest income	(337)	(159)
Gain from changes in fair value of foreign currency forward contracts	(5,454)	(3,317)
Inventory written downs - addition	130	-
Inventory written downs - reversal	-	(1)
Share of results of an associate	19	-
Unrealised loss on foreign exchange	3,926	1,537
Operating profit before working capital changes	<u>15,528</u>	<u>8,078</u>
Increase in inventories	(1,005)	(43,581)
Increase in receivables	(4,355)	(8,800)
(Decrease)/increase in payables	(1,248)	54,869
Cash generated from operations	<u>8,920</u>	<u>10,566</u>
Grant received	-	262
Interest paid	(49)	(24)
Tax paid	(1,201)	(681)
Tax refunded	25	-
Net cash generated from operating activities	<u>7,695</u>	<u>10,123</u>
Cash flows from investing activities		
Interest received	337	159
Purchase of property, plant and equipment	(2,291)	(1,208)
Purchase of computer software	(206)	(82)
Purchase of intangible assets	(987)	-
Proceed from disposal of investment in a subsidiary	29,500	-
Investment in an associate	-	(1,050)
Net cash generated from / (used in) investing activities	<u>26,353</u>	<u>(2,181)</u>
Cash flows from financing activities		
Repayment of finance lease liabilities	(46)	(44)
Proceeds from issuance of shares to non-controlling interests of a subsidiary	183,755	-
Share issue expenses	(3,664)	-
Repayment of term loan	(79)	-
Net cash generated from / (used in) financing activities	<u>179,966</u>	<u>(44)</u>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

	3 Months ended 31/3/2018 RM'000	3 Months ended 31/3/2017 RM'000
Net increase In cash and cash equivalents	214,014	7,898
Effect of foreign exchange rate changes	(2,640)	612
Cash and cash equivalents at the beginning of the period	82,202	30,843
Cash and cash equivalents at the end of the period	<u>293,576</u>	<u>39,353</u>

The unaudited Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2018 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

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

Notes To The Interim Financial Report For Quarter Ended 31 March 2018

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 31 March 2018 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2017.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2017, except for the adoption of new Malaysian Financial Reporting Standards (“MFRS”) that are effective for financial period beginning on or after 1 January 2018. The adoption of these new MFRSs does not have 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 2017 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.

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.

PENTAMASTER CORPORATION BERHAD (572307-U)**(“PCB” or “Company”)****Notes To The Interim Financial Report For Quarter Ended 31 March 2018****8 Contingent Liabilities**

	As at 31/03/2018	As at 31/12/2017
	RM'000	RM'000
Corporate guarantee given by the Company for banking facilities extended by financial institution to subsidiary companies		
- Limit	26,500	26,500
- Amount utilised	11,251	6,452

9 Capital Commitments

	Amount RM'000
Authorised but not contracted for:	
- Property, plant and equipment	15,086
Contracted but not provided for:	
- Property, plant and equipment	21,432

10 Segmental Information**Results for the period ended 31 March 2018**

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solution System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	90,353	7,691	1,339	-	99,383
Inter-segment revenue	781	4,735	167	(5,683)	-
Total revenue	91,134	12,426	1,506	(5,683)	99,383
Results					
Segment results	23,485	944	(328)	(7,545)	16,556
Finance costs	(49)	-	-	-	(49)
Share of results of an associate	-	-	-	(19)	(19)
Profit/(Loss) before taxation	23,436	944	(328)	(7,564)	16,488
Taxation	(1,433)	(1)	-	-	(1,434)
Profit/(Loss) for the period	22,003	943	(328)	(7,564)	15,054

PENTAMASTER CORPORATION BERHAD (572307-U)**(“PCB” or “Company”)****Notes To The Interim Financial Report For Quarter Ended 31 March 2018****Results for the period ended 31 March 2017**

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solution System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	42,931	2,912	1,578	151	47,572
Inter-segment revenue	163	216	20	(399)	-
Total revenue	43,094	3,128	1,598	(248)	47,572
Results					
Segment results	11,860	(2,053)	(557)	115	9,365
Finance costs	(4)	-	(2)	(18)	(24)
Profit/(Loss) before taxation	11,856	(2,053)	(559)	97	9,341
Taxation	(846)	-	-	-	(846)
Profit/(Loss) for the period	11,010	(2,053)	(559)	97	8,495

11 Profit Before Tax

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(707)	(707)
Foreign exchange loss	(4,792)	(4,792)
Gain from changes in fair value of foreign currency forward contracts	5,454	5,454
Interest income	337	337
Interest expense	(49)	(49)
Inventory written downs - addition	(130)	(130)
Listing expenses	7,146	7,146

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 report.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2018

13 Review of Performance

	3 Months Ended	3 Months Ended	Variance
	31/3/2018	31/3/2017	
	RM'000	RM'000	(%)
Revenue	99,383	47,572	108.9%
Operating profit	16,556	9,365	76.8%
Profit before taxation	16,488	9,341	76.5%
Profit and total comprehensive income for the period	15,054	8,495	77.2%

The Group recorded higher revenue at RM99.4 million in the current quarter as compared to RM47.6 million registered in the corresponding quarter last year, representing an increase of 108.9%. The higher revenue recorded was mainly due to increase in sales from both automated equipment and automated manufacturing solution operating segment. Taking into account the non-recurring expenses of RM7.1 million, the Group recorded a profit before taxation of RM16.5 million in the current quarter. Should the effects of the non-recurring expenses be excluded, the Group would have exhibited a profit before taxation of RM23.6 million, representing an increase of RM14.3 million or 153.0% as compared to profit before taxation of RM9.3 million in the corresponding quarter last year.

Performance of the respective operating segments which includes inter-segment transactions for the current quarter as compared to the previous corresponding quarter is analysed as follows:-

1) Automated equipment

This segment recorded an increase in revenue by RM48.0 million to RM91.1 million as compared to the corresponding quarter last year. The substantial revenue growth of 111.5% was primarily driven by the increase in demand for our testing equipment namely microelectromechanical systems (MEMS) & smart sensor test handler solution from telecommunication market, particularly the smart mobile device sector. The rise in such demand was underpinned by the increasing prevalence of smart sensors in smart mobile devices resulting in the growth in demand for our highly customised testing equipment for these sensors. As a result of higher revenue achieved, this segment recorded a higher profit before taxation of RM23.4 million against profit before taxation of RM11.9 million in the corresponding quarter last year, which represented an increase of 97.7%.

2) Automated manufacturing solution

This segment recorded revenue of RM12.4 million in the current quarter as compared to RM3.1 million in the corresponding quarter last year, representing an increase of RM9.3 million or approximately 297.3%. This was mainly due to higher demand for the integrated manufacturing solution from a more diversified customer base in the telecommunication and automotive markets as a result of the increase in demand for factory automation with the prevalence of Industry 4.0, rise in labour costs, shortage of skilled talent and the adoption of technology in manufacturing. Consequently, this segment recorded a profit before taxation of RM0.9 million as compared to loss before taxation of RM2.1 million in the previous corresponding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Quarter Ended 31 March 2018

3) Smart control solution system

The smart control solution system segment recorded revenue of RM1.5 million in the current quarter as compared to RM1.6 million in the corresponding quarter last year, representing a slight decrease of RM0.1 million or approximately 5.8%. This segment recorded a lower loss before taxation of RM0.3 million in the current quarter under review as compared to loss before taxation of RM0.6 million in the corresponding quarter last year due to changes in sales mix.

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

	3 Months Ended	3 Months Ended	Variance
	31/3/2018	31/12/2017	
	RM'000	RM'000	(%)
Revenue	99,383	98,504	0.9%
Operating profit	16,556	13,489	22.7%
Profit before taxation	16,488	13,458	22.5%
Profit and total comprehensive income for the period	15,054	11,960	25.9%

For the first quarter ended 31 March 2018, the Group recorded higher revenue at RM99.4 million as compared to the revenue of RM98.5 million in the preceding quarter, representing an increase of 0.9%. The higher revenue recorded in the current quarter under review was mainly due to increase in sales from automated equipment. Taking into account the non-recurring expenses of RM7.1 million, the Group recorded a profit before taxation of RM16.5 million in the current quarter. Should the effects of the non-recurring expenses be excluded, the Group would have exhibited a profit before taxation of RM23.6 million which is RM7.1 million or approximately 42.9% higher than the adjusted profit before taxation of RM16.5 million achieved in the preceding quarter. Profit before taxation increased by 42.9% as compared to the lower increase in revenue of 0.9%, mainly due to better margin secured from projects delivered to customers and higher gain from changes in fair value of the foreign currency forward contracts in the current quarter.

Performance of the respective operating segments which includes inter-segment transactions for the first quarter ended 31 March 2018 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The increase in revenue by RM11.5 million in the current quarter to RM91.1 million as compared to the preceding quarter was mainly due to the continuous increase in demand for our MEMS & smart sensor test handler solution from customers in telecommunication segment. Consequently, this segment achieved a higher profit before taxation of RM23.4 million as compared to RM15.2 million in preceding quarter mainly attributable to better margin secured from projects delivered to customers in the telecommunication sector and higher gain from changes in fair value of the foreign currency forward contracts in the current quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Quarter Ended 31 March 2018

2) Automated manufacturing solution

Revenue from this segment in the current quarter was RM7.4 million lower against revenue of RM19.8 million in the preceding quarter. This was due to lower sales recorded and recognized for the integrated manufacturing solution as a result of extended project delivery to customers. Consequently, this segment recorded a profit before taxation of RM0.9 million in the current quarter as compared to the profit before taxation of RM1.8 million in the preceding quarter in tandem with the lower revenue achieved.

3) Smart control solution system

Revenue from this segment was RM2.9 million lower than the preceding quarter. This segment recorded a loss before taxation of RM0.3 million as compared to the profit before taxation of RM1.4 million in the preceding quarter due to changes in sales mix.

15 Current Year Prospect

The Group expects 2018 to be another good year as evidenced by the size of outstanding secured orders received up to 31 March 2018 that is expected to be delivered in 2018. In view of the smart sensing and electric vehicle trends in 2018, the Group expects sales growth momentum to be driven by both the telecommunication and automotive sectors. With the expected completion of the new production plant in June 2018, the Group forecasts better delivery of projects involving large-scale factory automation lines in the second half of the year.

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 Date
	RM'000	RM'000
Income tax payable	1,434	1,434
	<hr/>	<hr/>
	1,434	1,434

The effective tax rate is lower than the statutory tax rate as certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to production of certain products and solutions.

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Quarter Ended 31 March 2018

18 Changes in the Composition of the Group

1) Listing of Pentamaster International Limited on the Main Board of The Stock Exchange of Hong Kong Limited

During the last financial year, Pentamater International Limited (“PIL”), a subsidiary of the Company had submitted its application to list on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) (“Listing Exercise”). The Listing Exercise was approved by HKSE and PIL completed the listing of its 1,600,000,000 ordinary shares of HKD0.01 on the Main Board of HKSE on 19 January 2018. As a result of the Listing Exercise, the Company’s equity interest in PIL was diluted from 84.2% as at 31 December 2017 to 63.1% as at the completion date of the Listing Exercise. Subsequent to the completion of the Listing Exercise, there is no changes in the Company’s equity interest in PIL.

2) Incorporation of a subsidiary

Pentamaster Equipment Manufacturing Sdn. Bhd., a subsidiary of PIL had on 18 January 2018 incorporated a wholly-owned subsidiary, Pentamaster Equipment Manufacturing, Inc. (“PEMI”) in the State of California, the United States of America. PEMI was incorporated for the purpose of providing closer sales and support services to the customers of PIL and its subsidiaries based in the United States of America.

19 Corporate Proposals

The Company had on 19 April 2018 announced that the Company proposed to seek shareholders’ approval for the proposed purchase by the Company of its own shares of up to ten percent (10%) of the total number of issued shares of the Company at the forthcoming Sixteenth AGM of the Company to be held on 8 June 2018.

Save for the above, there were no corporate proposals announced but not completed as at the date of this announcement.

20 Status of Utilisation of Proceeds Raised From Any Corporate Proposal

1) Investment by GEMS

The utilisation of proceeds of RM25.5 million raised from the investment by GEMS (“GEMS Investment”) as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation (RM’000)	Gross Proceeds Received (RM’000)	Actual Utilisation (RM’000)	Intended Timeframe for Utilisation	Balance (RM’000)
Expenses in relation to the Listing Exercise	15,000	15,000	15,000	Within one (1) year	-
Repayment of bank borrowings	7,500	7,500	7,500	Within one (1) year	-
Staff and other general administrative and operating related expenses	2,500	2,500	-	Within one (1) year	2,500
Sales and market expenses	500	500	-	Within one (1) year	500
Total	25,500	25,500	22,500		3,000

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Quarter Ended 31 March 2018

2) Share Award Scheme

The utilisation of proceeds of RM29.5 million raised from the share award scheme as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation (RM'000)	Gross Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
Payment of staff salaries and benefits	4,500	4,500	-	Within one (1) year	4,500
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	20,000	-	Within two (2) years	20,000
General administrative and operating expenses	5,000	5,000	-	Within one (1) year	5,000
Total	29,500	29,500	-		29,500

3) Listing Exercise

The utilisation of proceeds of RM87.1 million from the offer for sale by the Company in conjunction with the Listing Exercise as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation		Gross Proceeds Received⁽²⁾ (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario⁽¹⁾ (RM'000)	Maximum Scenario⁽¹⁾ (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	-	Within two (2) years	32,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	-	Within five (5) years	28,648
Working capital	21,172	23,549	20,405	-	Within five (5) years	20,405
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,508	5,508	5,306	5,306	Within six (6) months	-
Total	90,378	99,891	87,100	5,306		81,794

Notes:

- (1) *The minimum and maximum scenario under the proposed utilisation was based on the indicative offer price in relation to the Listing Exercise of HKD0.95 and HKD1.05 respectively.*
- (2) *The actual gross proceeds received was based on the actual offer price in relation to the Listing Exercise of HKD1.00. The difference between the gross proceeds received and the proposed utilisation was due to the difference in the conversion rate.*

PENTAMASTER CORPORATION BERHAD (572307-U)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2018

21 Borrowings

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

	RM'000
<u>Short term borrowings (secured)</u>	
Finance lease liabilities	189
Term loan	324
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	34
Term loan	3,598
Total utilization	4,145

All borrowings are denominated in Ringgit Malaysia.

The finance lease liabilities are secured over the leased assets.

The term loan is secured by way of legal charge over a leasehold land of a subsidiary of the Company and corporate guarantee given by the Company.

22 Derivative Financial Instruments

As at the date of the statement of financial position 31 March 2018, 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	280,154	5,915	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2018, 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, accounting 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)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2018

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 (“Board”) does not recommend any dividend in respect of the quarter ended 31 March 2018.

25 Earnings Per Share

The calculation of basic earnings per share for the period is based on the profit and total comprehensive income attributable to owners of the Company for the quarter and the financial period divided by the weighted average number of ordinary shares in issue during the quarter and the financial period.

	3 Months Ended 31/3/2018 RM'000	3 Months Ended 31/3/2017 RM'000
Profit and total comprehensive income attributable to owners of the Company	7,227	7,538
Weighted average number of ordinary shares	316,585,424	316,585,424
Earnings per share attributable to owners of the Company (sen)	2.28	2.38

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
22 May 2018