

**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 2021**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2021 (Unaudited) RM'000	31/3/2020 (Unaudited) RM'000	31/3/2021 (Unaudited) RM'000	31/3/2020 (Unaudited) RM'000
Revenue	115,168	100,109	115,168	100,109
Cost of goods sold	(80,830)	(66,121)	(80,830)	(66,121)
Gross profit	<u>34,338</u>	<u>33,988</u>	<u>34,338</u>	<u>33,988</u>
Other income	11,420	10,437	11,420	10,437
Administrative expenses	(15,847)	(14,908)	(15,847)	(14,908)
Distribution costs	(3,105)	(1,887)	(3,105)	(1,887)
Other operating expenses	(82)	(24)	(82)	(24)
Operating profit	<u>26,724</u>	<u>27,606</u>	<u>26,724</u>	<u>27,606</u>
Finance costs	(24)	(38)	(24)	(38)
Share of results of an associate	(125)	(349)	(125)	(349)
Profit before taxation	<u>26,575</u>	<u>27,219</u>	<u>26,575</u>	<u>27,219</u>
Taxation	(720)	(1,116)	(720)	(1,116)
Profit and total comprehensive income for the period	<u><u>25,855</u></u>	<u><u>26,103</u></u>	<u><u>25,855</u></u>	<u><u>26,103</u></u>
Profit and total comprehensive income for the period attributable to :				
Owners of the Company	16,073	16,771	16,073	16,771
Non-controlling interests	9,782	9,332	9,782	9,332
	<u><u>25,855</u></u>	<u><u>26,103</u></u>	<u><u>25,855</u></u>	<u><u>26,103</u></u>
Earnings per share attributable to owners of the Company (sen) :				
- Basic and diluted	2.26	2.35	2.26	2.35

The unaudited condensed consolidated statement of profit or loss and other comprehensive income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**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 2021**

	<b>Unaudited As at 31/3/2021 RM'000</b>	<b>Audited As at 31/12/2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	119,338	121,782
Investment properties	19,643	19,668
Goodwill	4,495	4,495
Intangible assets	40,282	40,711
Investment in an associate	22,392	7,583
Other receivables, deposits and prepayments	10,966	10,609
	<u>217,116</u>	<u>204,848</u>
<b>Current assets</b>		
Inventories	41,640	33,836
Trade receivables	160,134	141,628
Other receivables, deposits and prepayments	11,431	10,228
Derivative financial assets	-	3,336
Other investments	889	676
Tax recoverable	1,317	1,228
Cash and cash equivalents	429,848	437,321
	<u>645,259</u>	<u>628,253</u>
<b>TOTAL ASSETS</b>	<u><u>862,375</u></u>	<u><u>833,101</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	79,303	79,303
Shares held for share award scheme	(2,745)	(5,849)
Retained profits	450,595	434,972
	<u>527,153</u>	<u>508,426</u>
<b>Non-controlling interests</b>	<u>206,660</u>	<u>196,878</u>
<b>Total Equity</b>	<u><u>733,813</u></u>	<u><u>705,304</u></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,460	2,565
Deferred income	39	1,746
Deferred tax liabilities	4,703	4,837
	<u>7,202</u>	<u>9,148</u>
<b>Current liabilities</b>		
Trade payables	65,945	64,133
Other payables, accruals and provision	37,297	37,890
Contract liabilities	14,906	15,471
Derivative financial liabilities	1,701	-
Borrowings	415	411
Provision for taxation	1,096	744
	<u>121,360</u>	<u>118,649</u>
<b>Total Liabilities</b>	<u><u>128,562</u></u>	<u><u>127,797</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>862,375</u></u>	<u><u>833,101</u></u>

The unaudited condensed consolidated statement of financial position as at 31 March 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**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 2021**

**Equity attributable to owners of the Company**

	Share capital	Shares held for share award scheme	Share award reserve	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021 (Audited)	79,303	(5,849)	-	434,972	508,426	196,878	705,304
Total comprehensive income for the period	-	-	-	16,073	16,073	9,782	25,855
<i>Transactions with owners:</i>							
Purchase of shares for share award scheme	-	(677)	-	-	(677)	-	(677)
Equity-settled share award scheme arrangement	-	-	3,331	-	3,331	-	3,331
Vesting of shares of share award scheme	-	3,781	(3,331)	(450)	-	-	-
As at 31 March 2021 (Unaudited)	<u>79,303</u>	<u>(2,745)</u>	<u>-</u>	<u>450,595</u>	<u>527,153</u>	<u>206,660</u>	<u>733,813</u>

**Equity attributable to owners of the Company**

	Share capital	Shares held for share award scheme	Share award reserve	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020 (Audited)	79,303	-	-	357,299	436,602	159,285	595,887
Total comprehensive income for the period	-	-	-	16,771	16,771	9,332	26,103
<i>Transactions with owners:</i>							
Effect of changes in shareholding	-	-	-	-	-	(6,479)	(6,479)
As at 31 March 2020 (Unaudited)	<u>79,303</u>	<u>-</u>	<u>-</u>	<u>374,070</u>	<u>453,373</u>	<u>162,138</u>	<u>615,511</u>

The unaudited condensed consolidated statement of changes in equity for the three months ended 31 March 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**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 2021**

	<b>3 Months ended 31/3/2021 (Unaudited) RM'000</b>	<b>3 Months ended 31/3/2020 (Unaudited) RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	26,575	27,219
Adjustments for:		
Amortisation of intangible assets	1,320	195
Deferred income released	(1,707)	(82)
Depreciation	1,075	1,122
Loss on disposal of property, plant and equipment	1,667	-
Expected credit loss on receivables	-	(421)
Bad debts written off	-	2
Interest expense	24	38
Interest income	(1,593)	(2,692)
Loss from changes in fair value of foreign currency forward contracts	5,036	5,412
Gain on disposal of other investments	(39)	-
Loss from changes in fair value of other investments	9	-
Inventory written downs - addition	99	202
Inventory written downs - reversal	(100)	(41)
Share of results of an associate	125	349
Equity-settled share award scheme expense	3,331	-
Unrealised gain on foreign exchange	(5,950)	(6,519)
Operating profit before working capital changes	<u>29,872</u>	<u>24,784</u>
(Increase) / decrease in inventories	(7,803)	15,744
Increase in receivables	(14,586)	(10,129)
Increase / (decrease) in payables	839	(9,446)
Decrease in contract liabilities	(565)	(10,173)
Cash generated from operations	<u>7,757</u>	<u>10,780</u>
Interest paid	(24)	(38)
Tax paid	(593)	(1,258)
Net cash generated from operating activities	<u>7,140</u>	<u>9,484</u>
<b>Cash flows from investing activities</b>		
Interest received	1,593	2,692
Purchase of property, plant and equipment	(994)	(3,136)
Purchase of intangible assets	(891)	(1,652)
Proceed from disposal of property, plant and equipment	720	-
Acquisition of other investments	(355)	-
Proceeds from disposal of other investments	179	-
Investment in an associate	-	(350)
Acquisition of redeemable convertible preference shares of an associate	(15,000)	-
Proceeds from disposal of shares in associate	66	-
Investment in additional equity interest in a subsidiary	-	(6,479)
Net cash used in investing activities	<u>(14,682)</u>	<u>(8,925)</u>

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 QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE THREE MONTHS ENDED 31 MARCH 2021**

	<b>3 Months ended 31/3/2021 (Unaudited) RM'000</b>	<b>3 Months ended 31/3/2020 (Unaudited) RM'000</b>
<b>Cash flows from financing activities</b>		
Repayment of term loan	(102)	(88)
Purchase of shares for share award scheme	(677)	-
Net cash used in financing activities	<u>(779)</u>	<u>(88)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(8,321)	471
<b>Effect of foreign exchange rate changes</b>	848	2,507
<b>Cash and cash equivalents at the beginning of the period</b>	<u>437,321</u>	<u>423,251</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>429,848</u></u>	<u><u>426,229</u></u>

The unaudited condensed consolidated statement of cash flows for the three months ended 31 March 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**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 2021 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 2020.

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 2020, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual period beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group.

As at the date of this announcement, the Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective: -

Amendments to MFRS 3 *Reference to the Conceptual Framework*<sup>1</sup>  
Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*<sup>1</sup>  
Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*<sup>1</sup>  
Amendments to MFRSs *Annual Improvements to MFRS Standards 2018–2020*<sup>1</sup>  
MFRS 17 *Insurance Contracts and related amendments*<sup>2</sup>  
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*<sup>2</sup>  
Amendments to MFRS 101 *Disclosure of Accounting Policies*<sup>2</sup>  
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<sup>3</sup>  
Amendments to MFRS 108 *Definition of Accounting Estimates*<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date not yet determined

The Group is in the process of making an assessment of the impact of these new and amended IFRSs upon initial application and anticipates that such application will have no material impact on the results and financial position 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 2020 was not subject to any qualification.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**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.

**8 Contingent Liabilities**

There were no contingent liabilities for the Group since 31 December 2020 up to 31 March 2021.

**9 Capital Commitments**

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	4,345
Authorised but not contracted for - Property, plant and equipment	41,000

**10 Related Party Transaction**

There was no related party transaction for the Group since 31 December 2020 up to 31 March 2021.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**11 Segmental Information**

The Group has three reportable segments which comprised its major business segments. These business segments are involved in different activities and are managed by segment managers who report directly to the Group’s executive directors. The reportable segments are as follows:

- (i) Automated test equipment (“ATE”): Designing, development and manufacturing of standard and non-standard automated equipment;
- (ii) Factory automation solutions (“FAS”): Designing, development and installation of integrated automated manufacturing solutions
- (iii) Smart control solutions system: Project management, smart building solutions and trading of materials.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group’s accounting policies. No other operating segments have been aggregated to form the above reportable segments. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Adjustment”

**Results for the period ended 31 March 2021**

	Automated test equipment	Factory automation solutions	Smart control solutions system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Revenue	80,353	34,706	109	-	115,168
Inter-segment revenue	364	768	-	(1,132)	-
<b>Total revenue</b>	<b>80,717</b>	<b>35,474</b>	<b>109</b>		<b>115,168</b>
<b>Results</b>					
Segment results	24,782	2,185	(872)	(964)	25,131
Interest income	945	34		614	1,593
Interest expense	(24)	-	-		(24)
Share of results of an associate	-	-	-	(125)	(125)
<b>Profit/(loss) before taxation</b>	<b>25,703</b>	<b>2,219</b>	<b>(872)</b>		<b>26,575</b>
Taxation	(849)	(5)	-	134	(720)
<b>Profit/(loss) after taxation</b>	<b>24,854</b>	<b>2,214</b>	<b>(872)</b>		<b>25,855</b>



**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**Results for the period ended 31 March 2020**

	Automated test equipment	Factory automation solutions	Smart control solutions system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Revenue	66,226	33,814	69		100,109
Inter-segment revenue	1,479	413	5	(1,897)	-
<b>Total revenue</b>	<b>67,705</b>	<b>34,227</b>	<b>74</b>		<b>100,109</b>
<b>Results</b>					
Segment results	19,280	4,721	(300)	1,213	24,914
Interest income	1,792	54	1	845	2,692
Interest expense	(38)	-	-		(38)
Share of results of an associate	-	-	-	(349)	(349)
<b>Profit/(loss) before taxation</b>	<b>21,034</b>	<b>4,775</b>	<b>(299)</b>		<b>27,219</b>
Taxation	(1,111)	(5)	-		(1,116)
<b>Profit/(loss) after taxation</b>	<b>19,923</b>	<b>4,770</b>	<b>(299)</b>		<b>26,103</b>

**12 Profit Before Taxation**

	<b>Current Quarter</b>	<b>Current Year to Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(2,395)	(2,395)
Amortisation of deferred income	1,707	1,707
Gain on foreign exchange:		
-realised	1,940	1,940
-unrealised	5,950	5,950
Loss from changes in fair value of foreign currency forward contracts	(5,036)	(5,036)
Gain on disposal of other investments	39	39
Interest income	1,593	1,593
Interest expense	(24)	(24)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Loss from changes in fair value of other investments	(9)	(9)
Loss on disposal of property, plant and equipment	(1,667)	(1,667)
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Investment income	-	-
Inventory written off	-	-
Inventory written downs-addition	(99)	(99)
Inventory written downs-reversal	100	100
Expected credit loss on receivables	-	-
Bad debt written off	-	-

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**13 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.

**14 Review of Performance**

	Individual Quarter 3 Months Ended		
	31/3/2021	31/3/2020	Variance
	RM'000	RM'000	%
Revenue	115,168	100,109	15.0
Operating profit	26,724	27,606	(3.2)
Profit before taxation	26,575	27,219	(2.4)
Profit and total comprehensive income for the period	25,855	26,103	(1.0)

The Group recorded higher revenue at RM115.2 million in the 3-month ended 31 March 2021 (“1Q2021”) as compared to RM100.1 million registered in the 3-month ended 31 March 2020 (“1Q2020”), representing an increase of 15.0%. The increase in revenue in 1Q2021 was mainly contributed by both the ATE and FAS segments, with each constituting approximately 69.8% and 30.1% respectively of the Group’s total revenue in the current quarter.

The following table sets out revenue breakdown by customers’ segment for the Group:

	Individual Quarter and Cumulative Period 3 Months Ended			
	31/3/2021		31/3/2020	
	RM'000	%	RM'000	%
Electro-optical <sup>(1)</sup>	65,243	56.7	43,320	43.3
Semiconductor	19,161	16.6	7,339	7.3
Consumer and industrial products	16,375	14.2	19,243	19.2
Automotive	11,348	9.9	17,662	17.6
Medical Devices	2,932	2.5	12,476	12.5
Others	109	0.1	69	0.1
<b>Total</b>	<b>115,168</b>	<b>100.0</b>	<b>100,109</b>	<b>100.0</b>

Note:

(1) The electro-optical division is previously known as telecommunications division.

Despite recording an increase in revenue, the Group recorded a lower profit before taxation of RM26.6 million in the current quarter as compared to the profit before taxation of RM27.2 million in 1Q2020, representing a marginal decrease of 2.4%.

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**Notes To The Interim Financial Report For Period ended 31 March 2021**

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 test equipment**

This segment recorded an increase in revenue by RM13.0 million or 19.2% to RM80.7 million in 1Q2021 as compared to 1Q2020. The increase in this segment’s revenue was driven primarily by the Group’s smart sensor test equipment and solutions in the current quarter, particularly from the electro-optical segment and semiconductor segment where these segments saw revenue growth of 50.6% and 161.1% respectively as compared to 1Q2020. During the period under review, the electro-optical industry was still dominant within the ATE segment given the recovery in the smartphone market and its peripheral items as compared to the previous corresponding period. The automotive segment, after witnessing continuous robust demand in year 2020, contributed less than 10.0% to the Group’s revenue in the current quarter given the automotive industry-wide production disruption from the microchip shortage situation. Nevertheless, the Group continues to see structural growth from this automotive segment in the medium term as well as the electro-optical segment from the proliferation of 5G roll out and newer sensors being developed and embedded in the smartphone and devices market.

As a result of higher revenue achieved, this segment recorded higher profit before taxation of RM25.7 million in 1Q2021 as compared to profit before taxation of RM21.0 million in 1Q2020, representing an increase of RM4.7 million or 22.4%.

**2) Factory automation solutions**

This segment recorded revenue of RM35.5 million in 1Q2021 as compared to revenue of RM34.2 million in 1Q2020, representing increase of approximately RM1.3 million or 3.8%.

After recording strong growth in year 2020, the FAS segment continued to witness growth albeit at a lower quantum, in lieu of the traveling restrictions which are still in place and a longer project lead time typically for the FAS segment. Nevertheless, this segment continued to witness robust demand for its proprietary i-ARMS (intelligent Automated Robotic Manufacturing System) solutions as more industries and companies adopt industry automation. Additionally, the FAS segment was also contributed by the demand from the medical devices segment for the Group’s automated assembly solutions for single-use medical devices.

Despite higher revenue in 1Q2021 as compared to 1Q2020, this segment recorded a lower profit before taxation of RM2.2 million in the 1Q2021 as compared to profit before taxation of RM4.8 million in the 1Q2020. The decrease in the profit before taxation under this FAS segment was mainly attributable to changes in product mix.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
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**Notes To The Interim Financial Report For Period ended 31 March 2021**

**3) Smart control solution system**

The products and solutions in this segment entail project management, smart building solutions and trading of materials.

The smart control solution system segment recorded an increase in revenue by RM35,000 in 1Q2021. However, this segment recorded a loss before taxation of RM0.9 million in 1Q2021 as compared to loss before taxation of RM0.3 million in 1Q2020. The increase in revenue under the smart control solution system segment in 1Q2021 was mainly due to better project delivery in 1Q2021. The Group recorded higher loss before taxation from the smart control solution system segment due to amortisation of intangible assets recorded in 1Q2021.

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

	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>Variance</b>
	<b>31/3/2021</b>	<b>31/12/2020</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	115,168	110,223	4.5
Operating profit	26,724	31,995	(16.5)
Profit before taxation	26,575	31,673	(16.1)
Profit and total comprehensive income for the period	25,855	34,895	(25.9)

For 1Q2021, the Group recorded higher revenue at RM115.2 million as compared to the revenue of RM110.2 million for the 3 months ended 31 December 2020 (“4Q2020”), representing an increase of 4.5%. The higher revenue recorded in the current quarter under review was due to increase in sales from the FAS operating segment by 59.2%.

The following table sets out revenue breakdown by customers’ segment for the Group:

	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>31/3/2021</b>		<b>30/12/2020</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Electro-optical <sup>(1)</sup>	65,243	56.7	56,943	51.7
Semiconductor	19,161	16.6	14,934	13.5
Consumer and industrial products	16,375	14.2	8,383	7.6
Automotive	11,348	9.9	29,531	26.8
Medical Devices	2,932	2.5	412	0.4
Others	109	0.1	20	n.m
<b>Total</b>	<b>115,168</b>		<b>110,223</b>	

*Note:*

(1) *The electro-optical division is previously known as telecommunications division.*

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

**Notes To The Interim Financial Report For Period ended 31 March 2021**

Despite the increase in the Group revenue in 1Q2021, the Group recorded a lower profit before taxation of RM26.6 million in 1Q2021 as compared to the profit before taxation of RM31.7 million in 4Q2020, representing a decrease of 16.1% mainly due to increase in staff costs arising from the share award expenses amounting to RM3.3 million.

Performance of the respective operating segments which includes inter-segment transactions in 1Q2021 as compared to 4Q2020 are analysed as follows:

**1) Automated test equipment**

In 1Q2021, revenue from the ATE segment decreased by RM8.4 million to RM80.7 million as compared to the revenue of RM89.1 million achieved in 4Q2020. The decrease was mainly due to lower project delivery from automotive segment given the automotive industry-wide production disruption from the microchip shortage situation. Due to lower revenue and higher staff costs arising from share award expenses in 1Q2021, this segment achieved a lower profit before taxation of RM25.7 million in 1Q2021 as compared to RM33.7 million in 4Q2020.

**2) Factory automation solutions**

Revenue from this segment in 1Q2021 increased by RM13.2 million against revenue of RM22.3 million in 4Q2020. This was mainly due to the robust demand for the Group’s proprietary i-ARMS (intelligent Automated Robotic Manufacturing System) solutions as more industries and companies adopt industry automation. Additionally, the FAS segment was also contributed by the demand from the medical devices segment for the Group’s automated assembly solutions for single-use medical devices. Due to higher revenue recorded in 1Q2021, this segment also recorded an increase in profit before taxation by RM2.5 million.

**3) Smart control solution system**

Revenue from this segment decreased by RM89,000 as compared to 4Q2020 as a result of lower project delivery in 1Q2021. As a result of lower revenue recorded coupled with amortisation of intangible assets, this segment recorded a higher loss before taxation in 1Q2021.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**16 Prospect**

Since the beginning of 2021, the Group has been experiencing order intake momentum on the back of improving sentiment for the equipment market with more optimism, albeit uneven, on the overall macro-economic situation following the roll-out of COVID-19 vaccination. The semiconductor industry is also experiencing a “super cycle” given the chips shortage impacting every aspect of the manufacturing industries. To further compound with the 5G deployment, artificial intelligence adaptation, Internet of Things and electrification in the automotive industry, the Group is well positioned to embrace and capture the growth and demand opportunities in this dynamic market given its current exposure to a broader industry segments.

At present, the Group is closely monitoring the pertinent concern revolving the global semiconductor supply chain constraint and will elevate its focus on its material sourcing process by taking into consideration its delivery commitment to its customers as well as the current order book visibility. While the Group has been aggressively ramping up its capacity to meet delivery commitments for the coming quarters, its immediate focus is to take every effort to protect the safety and health of its employees to ensure minimal disruption to its business operations.

**17 Profit Forecast or Profit Guarantee**

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

**18 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	(720)	(720)
Income tax credit	-	-

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.

**19 Changes in the Composition of the Group**

During the quarter under review, there were no changes in the composition of the Group.

**20 Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this announcement.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**21 Status of Utilisation of Proceeds Raised From Any Corporate Proposal**

**1) Share Award Scheme**

The utilisation of proceeds of RM29.5 million raised from the share award scheme, in conjunction with the Listing Exercise of PIL, 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	4,500	Within one (1) year	-
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	2,048	Within five (5) years	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
<b>Total</b>	<b>29,500</b>	<b>29,500</b>	<b>11,548</b>		<b>17,952</b>

**2) Listing Exercise of PIL**

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

Purpose	Proposed Utilisation		Gross Proceeds Received <sup>(2)</sup> (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario <sup>(1)</sup> (RM'000)	Maximum Scenario <sup>(1)</sup> (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	-	Within five (5) years	32,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	25,012	Within five (5) years	3,636
Working capital	21,172	23,549	20,405	20,405	Within five (5) years	-
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	-
<b>Total</b>	<b>90,378</b>	<b>99,891</b>	<b>87,100</b>	<b>50,723</b>		<b>36,377</b>

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 Period ended 31 March 2021**

**22 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	-
Term loan	415
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	-
Term loan	2,460
<b>Total</b>	<b>2,875</b>

All borrowings are denominated in Ringgit Malaysia.

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

**23 Derivative Financial Instruments**

As at the date of the statement of financial position 31 March 2021, 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	150,058	(1,701)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2021, 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.

**24 Fair Value of Financial Liabilities**

For the quarter ended 31 March 2021, there is no fair value gain or loss on the financial liabilities. The carrying amounts of the financial liabilities as at date of the end of the statement of financial position date approximate to their fair value due to their short-term nature.



**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 31 March 2021**

**25 Material Litigations**

There was no material litigation since the last annual balance sheet date until the date of this announcement.

**26 Dividends**

The Board of Directors does not recommend any dividend in respect of the quarter ended 31 March 2021.

**27 Earnings Per Share**

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

	<b>3 Months Ended 31/3/2021 RM'000</b>	<b>3 Months Ended 31/3/2020 RM'000</b>
Profit and total comprehensive income attributable to owners of the Company	16,073	16,771
Weighted average number of ordinary shares	712,317,121	712,317,121
Earnings per share attributable to owners of the Company (sen)	2.26	2.35

BY ORDER OF THE BOARD

**LIM KIM TECK**  
Secretary  
7 May 2021