

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	30/9/2022 (Unaudited) RM'000	30/9/2021 (Unaudited) RM'000	30/9/2022 (Unaudited) RM'000	30/9/2021 (Unaudited) RM'000
Revenue	155,595	140,084	452,961	385,898
Cost of goods sold	(107,419)	(98,249)	(314,475)	(271,866)
Gross profit	<u>48,176</u>	<u>41,835</u>	<u>138,486</u>	<u>114,032</u>
Other income	5,948	7,468	17,285	16,152
Administrative expenses	(20,431)	(13,896)	(51,559)	(31,827)
Distribution costs	(2,516)	(3,746)	(7,789)	(9,488)
Other operating expenses	(66)	(53)	(340)	(167)
Operating profit	<u>31,111</u>	<u>31,608</u>	<u>96,083</u>	<u>88,702</u>
Finance costs	(19)	(23)	(60)	(70)
Share of loss of associates	(405)	(408)	(865)	(961)
Profit before taxation	<u>30,687</u>	<u>31,177</u>	<u>95,158</u>	<u>87,671</u>
Taxation	1,098	(944)	(564)	(2,880)
Profit for the financial period	<u>31,785</u>	<u>30,233</u>	<u>94,594</u>	<u>84,791</u>
Total other comprehensive income, net of tax: Item that will be reclassified subsequently to profit or loss				
Foreign currency translation of foreign operations	(29)	31	(55)	31
Total comprehensive income for the financial period	<u>31,756</u>	<u>30,264</u>	<u>94,539</u>	<u>84,822</u>
Profit for the financial period, attributable to:				
Owners of the Company	20,074	19,010	59,675	53,021
Non-controlling interests	11,711	11,223	34,919	31,770
	<u>31,785</u>	<u>30,233</u>	<u>94,594</u>	<u>84,791</u>
Total comprehensive income for the financial period, attributable to:				
Owners of the Company	20,055	19,030	59,640	53,041
Non-controlling interests	11,701	11,234	34,899	31,781
	<u>31,756</u>	<u>30,264</u>	<u>94,539</u>	<u>84,822</u>
Earnings per share attributable to owners of the Company (sen):				
- Basic/Diluted	2.82	2.67	8.39	7.44

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Unaudited As at 30/9/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	149,863	135,232
Investment properties	22,866	19,467
Goodwill	4,495	4,495
Intangible assets	45,259	41,475
Investment in associates	20,841	21,706
Deferred tax assets	219	221
Other receivables, deposits and prepayments	28,794	28,225
	<u>272,337</u>	<u>250,821</u>
Current assets		
Inventories	140,012	72,006
Trade receivables	243,591	165,312
Other receivables, deposits and prepayments	49,736	16,065
Derivative financial assets	-	1,246
Other investments	6,532	374
Tax recoverable	2,186	449
Cash and cash equivalents	407,333	478,241
	<u>849,390</u>	<u>733,693</u>
TOTAL ASSETS	<u>1,121,727</u>	<u>984,514</u>
EQUITY AND LIABILITIES		
Share capital	79,303	79,303
Reserves	524,230	486,452
	<u>603,533</u>	<u>565,755</u>
Non-controlling interests	<u>252,461</u>	<u>229,864</u>
Total Equity	<u>855,994</u>	<u>795,619</u>
LIABILITIES		
Non-current liabilities		
Borrowings	1,812	2,140
Deferred tax liabilities	3,896	4,299
	<u>5,708</u>	<u>6,439</u>
Current liabilities		
Trade payables	131,381	77,560
Other payables, accruals and provision	40,013	39,375
Contract liabilities	68,368	64,152
Derivative financial liabilities	19,061	-
Borrowings	436	425
Provision for taxation	766	944
	<u>260,025</u>	<u>182,456</u>
Total Liabilities	<u>265,733</u>	<u>188,895</u>
TOTAL EQUITY AND LIABILITIES	<u>1,121,727</u>	<u>984,514</u>

The unaudited condensed consolidated statement of financial position as at 30 September 2022 should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")

COMPANY NO.: 200201004644 (572307-U)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Equity attributable to owners of the Company					Retained profits	Total	Non-controlling interests	Total equity
	Non-distributable				Distributable				
	Share capital	Treasury shares	Shares held for employee share scheme (ESS)	ESS reserve	Foreign currency translation reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2022 (Audited)	79,303	-	(4,269)	2,266	36	488,419	565,755	229,864	795,619
Profit for the financial period	-	-	-	-	-	59,675	59,675	34,919	94,594
Other comprehensive income	-	-	-	-	(35)	-	(35)	(20)	(55)
Total comprehensive income for the financial period	-	-	-	-	(35)	59,675	59,640	34,899	94,539
<i>Transactions with owners:</i>									
Dividend paid	-	-	-	-	-	(14,227)	(14,227)	-	(14,227)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(9,712)	(9,712)
Effect of changes in shareholding	-	-	-	-	-	2,590	2,590	(2,590)	-
Equity settled ESS expenses	-	-	-	5,710	-	-	5,710	-	5,710
ESS vested	-	-	6,820	(6,282)	-	(538)	-	-	-
Purchase of shares held for ESS	-	-	(12,883)	-	-	-	(12,883)	-	(12,883)
Purchase of treasury shares	-	(3,052)	-	-	-	-	(3,052)	-	(3,052)
Total transactions with owners of the Company	-	(3,052)	(6,063)	(572)	-	(12,175)	(21,862)	(12,302)	(34,164)
As at 30 September 2022 (Unaudited)	79,303	(3,052)	(10,332)	1,694	1	535,919	603,533	252,461	855,994
	Equity attributable to owners of the Company								
	Non-distributable				Distributable				
	Share capital	Treasury shares	Shares held for employee share scheme (ESS)	ESS reserve	Foreign currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	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
Profit for the financial period	-	-	-	-	-	53,021	53,021	31,770	84,791
Other comprehensive income	-	-	-	-	20	-	20	11	31
Total comprehensive income for the financial period	-	-	-	-	20	53,021	53,041	31,781	84,822
<i>Transactions with owners:</i>									
Dividend paid	-	-	-	-	-	(10,685)	(10,685)	-	(10,685)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(6,274)	(6,274)
Effect of changes in shareholding	-	-	-	-	-	(3,441)	(3,441)	(1,422)	(4,863)
Equity settled ESS expenses	-	-	-	3,331	-	-	3,331	-	3,331
ESS vested	-	-	3,781	(3,331)	-	(450)	-	-	-
Purchase of shares held for ESS	-	-	(1,621)	-	-	-	(1,621)	-	(1,621)
Total transactions with owners of the Company	-	-	2,160	-	-	(14,576)	(12,416)	(7,696)	(20,112)
As at 30 September 2021 (Unaudited)	79,303	-	(3,689)	-	20	473,417	549,051	220,963	770,014

The unaudited condensed consolidated statement of changes in equity for the nine months ended 30 September 2022 should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	9 Months ended 30/9/2022 (Unaudited) RM'000	9 Months ended 30/9/2021 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	95,158	87,671
Adjustments for:		
Amortisation of intangible assets	3,708	3,824
Deferred income released	-	(1,733)
Depreciation	3,897	3,097
(Gain)/Loss on disposal of property, plant and equipment	(58)	1,667
Reversal of expected credit loss on receivables	(306)	(281)
Interest expense	60	70
Interest income	(4,685)	(5,039)
Loss from changes in fair value of foreign currency forward contracts	20,307	4,334
Gain on disposal of other investments	(15)	(78)
Loss from changes in fair value of other investments	13	32
Inventory written downs - addition	180	276
Inventory written downs - reversal	(138)	(344)
Share of results of associates	865	961
ESS expenses	5,710	3,331
Unrealised gain on foreign exchange	(11,273)	(395)
Operating profit before working capital changes	<u>113,423</u>	<u>97,393</u>
Increase in inventories	(68,048)	(28,382)
Increase in receivables	(105,388)	(38,730)
Increase in payables	56,707	19,572
Increase in contract liabilities	4,216	29,787
Cash generated from operations	<u>910</u>	<u>79,640</u>
Interest paid	(60)	(70)
Tax paid	(3,117)	(2,174)
Tax refund	241	878
Net cash (used in)/generated from operating activities	<u>(2,026)</u>	<u>78,274</u>
Cash flows from investing activities		
Interest received	4,685	5,039
Acquisition of redeemable convertible preference shares of an associate	-	(15,000)
Investment in additional equity interest in a subsidiary	-	(4,863)
Purchase of property, plant and equipment	(18,344)	(7,864)
Purchase of investment property	(3,583)	-
Purchase of intangible assets	(7,492)	(4,059)
Proceeds from disposal of other investments	298	989
Proceeds from disposal of property, plant and equipment	58	-
Acquisition of other investments	(6,443)	(529)
Proceeds from disposal of shares in associate	-	66
Net cash used in investing activities	<u>(30,821)</u>	<u>(26,221)</u>

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QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	9 Months ended 30/9/2022 (Unaudited) RM'000	9 Months ended 30/9/2021 (Unaudited) RM'000
Cash flows from financing activities		
Dividend paid	(14,227)	(10,685)
Dividend paid to non-controlling interest of a subsidiary	(9,712)	(6,274)
Purchase of treasury shares	(3,052)	-
Purchase of shares for share award scheme	(12,883)	(1,621)
Repayment of term loan	(317)	(307)
Net cash used in financing activities	<u>(40,191)</u>	<u>(18,887)</u>
Net (decrease)/increase in cash and cash equivalents	(73,038)	33,166
Effect of foreign exchange rate changes	2,130	(4,216)
Cash and cash equivalents at the beginning	<u>478,241</u>	<u>437,321</u>
Cash and cash equivalents at the end	<u><u>407,333</u></u>	<u><u>466,271</u></u>

The unaudited condensed consolidated statement of cash flows for the nine months ended 30 September 2022 should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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 financial period in the current quarter to 30 September 2022 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 2021.

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 2021, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual period beginning on or after 1 January 2022:

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

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: -

*MFRS 17 Insurance Contracts*¹
*Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments*¹
*Amendments to MFRS 17 Insurance Contracts*¹
*Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information*¹
*Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*¹
*Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*¹
*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*¹
*Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*¹
*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*²

¹ *Effective for annual periods beginning on or after 1 January 2023*

² *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.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

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 2021 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 financial period under review.

8 Contingent Liabilities

There were no contingent liabilities for the Group since 31 December 2021 up to 30 September 2022.

9 Capital Commitments

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	28,800
Authorised but not contracted for - Property, plant and equipment	183,150

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

10 Related Party Transactions

There was no related party transaction for the Group since 31 December 2021 up to 30 September 2022.

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 solution 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”.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**Results for the financial period ended 30 September 2022**

	Automated test equipment	Factory automation solutions	Smart control solution system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	326,305	126,623	33		452,961
Inter-segment revenue	58,882	4,378	165	(63,425)	-
Total revenue	<u>385,187</u>	<u>131,001</u>	<u>198</u>		<u>452,961</u>
Results					
Segment results	75,155	25,357	(2,429)	(6,685)	91,398
Interest income	3,106	222	13	1,344	4,685
Interest expense	(60)	-	-		(60)
Share of results of associates	-	-	-	(865)	(865)
Profit/(Loss) before taxation	<u>78,201</u>	<u>25,579</u>	<u>(2,416)</u>		<u>95,158</u>
Taxation	(861)	(53)	(50)	400	(564)
Profit/(Loss) after taxation	<u>77,340</u>	<u>25,526</u>	<u>(2,466)</u>		<u>94,594</u>

Results for the financial period ended 30 September 2021

	Automated test equipment	Factory automation solutions	Smart control solution system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	270,074	115,620	204		385,898
Inter-segment revenue	1,339	2,847	79	(4,265)	-
Total revenue	<u>271,413</u>	<u>118,467</u>	<u>283</u>		<u>385,898</u>
Results					
Segment results	72,942	17,220	(2,392)	(4,107)	83,663
Interest income	3,062	166	-	1,811	5,039
Interest expense	(70)	-	-		(70)
Share of results of associates	-	-	-	(961)	(961)
Profit/(Loss) before taxation	<u>75,934</u>	<u>17,386</u>	<u>(2,392)</u>		<u>87,671</u>
Taxation	(3,270)	(12)	(1)	403	(2,880)
Profit/(Loss) after taxation	<u>72,664</u>	<u>17,374</u>	<u>(2,393)</u>		<u>84,791</u>

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

12 Profit Before Taxation

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(2,590)	(7,605)
(Loss)/Gain on foreign exchange:		
-realised	(102)	(321)
-unrealised	3,843	11,273
Loss from changes in fair value of foreign currency forward contracts	(8,735)	(20,307)
Gain on disposal of other investments	-	15
Interest income	1,624	4,685
Interest expense	(19)	(60)
Gain/(Loss) from changes in fair value of other investments	29	(13)
Gain on disposal of property, plant and equipment	-	58
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Investment income	-	-
Inventory written downs - addition	(77)	(180)
Inventory written downs - reversal	34	138
Reversal of expected credit loss on receivables	56	306
Bad debt written off	-	-

13 Events Subsequent to the End of the Financial Period

There are no material events subsequent to the end of the financial period under review that have not been reflected in the interim financial report.

14 Review of Performance

	Individual Quarter 3 Months Ended			Cumulative Financial Period Ended		
	30/9/2022	30/9/2021	Variance	30/9/2022	30/9/2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	155,595	140,084	11.1	452,961	385,898	17.4
Operating profit	31,111	31,608	(1.6)	96,083	88,702	8.3
Profit before taxation	30,687	31,177	(1.6)	95,158	87,671	8.5
Profit for the financial period	31,785	30,233	5.1	94,594	84,791	11.6

The Group recorded a quarterly revenue of RM155.6 million in the 3-month ended 30 September 2022 (“3Q2022”) as compared to RM140.1 million registered in the 3-month ended 30 September 2021 (“3Q2021”), representing an increase of 11.1%. For the nine-month financial period ended 30 September 2022 (“9M2022”), the Group recorded a higher revenue of RM453.0 million as compared to RM385.9 million in the nine-month financial period ended 30 September 2021 (“9M2021”), representing an increase of 17.4%.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

The Group’s revenue was mainly contributed by the ATE and FAS segments, constituting approximately 72.0% and 28.0% respectively of the Group’s total revenue in 9M2022.

The below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

	Individual Quarter 3 Months Ended			Cumulative Financial Period Ended		
	30/9/2022	30/9/2021	Variance	30/9/2022	30/9/2021	Variance
	RM’000	RM’000	%	RM’000	RM’000	%
ATE	121,031	93,768	29.1	385,187	271,413	41.9
FAS	54,747	47,714	14.7	131,001	118,467	10.6
Smart control solution system	95	41	131.7	198	283	(30.0)

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

	Individual Quarter 3 Months Ended				Cumulative Financial Period Ended			
	30/9/2022		30/9/2021		30/9/2022		30/9/2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Automotive	82,384	52.9	40,249	28.7	185,392	40.9	66,179	17.1
Electro-Optical	10,094	6.5	46,103	32.9	91,736	20.3	184,346	47.8
Semiconductor	15,886	10.2	16,388	11.7	70,041	15.5	59,445	15.4
Consumer and industrial products	20,204	13.0	30,500	21.8	54,557	12.0	54,477	14.1
Medical devices	27,027	17.4	6,844	4.9	51,202	11.3	21,247	5.5
Others	-	-	-	-	33	n.m.	204	0.1
Total	155,595		140,084		452,961		385,898	

The Group closed its 3Q2022 with a profit before taxation of RM30.7 million (3Q2021: RM31.2 million), representing a decrease of approximately 1.6%. The Group closed its 9M2022 with a profit before taxation of RM95.2 million, representing an increase of 8.5% from a profit before taxation of RM87.7 million recorded in 9M2021. The Group’s EBITDA (earnings before interest, tax, depreciation and amortisation) for the 3Q2022 stood at RM33.3 million (3Q2021: RM33.4 million), representing a decrease of 0.4%, while the Group’s EBITDA for the 9M2022 stood at RM102.8 million (9M2021: RM94.7 million), representing an increase of 8.6%. Basic earnings per share increased from 2.67 sen in 3Q2021 to 2.82 sen in 3Q2022 and increased from 7.44 sen in 9M2021 to 8.39 sen in 9M2022.

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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

Revenue in the ATE segment jumped by RM27.3 million to RM121.0 in 3Q2022 (3Q2021: RM93.8 million) and RM113.8 million to RM385.2 million for the 9M2022 (9M2021: RM271.4 million), showing a meaningful growth of 29.1% in 3Q2022 and 41.9% in 9M2022. The automotive segment contributed the largest portion towards this segment, with approximately 55.2% during the 9M2022 as compared to 22.8% in the 9M2021, indicating a significant automotive segment growth exceeding 100.0% within the ATE segment. Such solid performance from the automotive segment was in line with the secular automotive electrification trends and with the Group’s timely effort in riding on this momentum. Amid this backdrop, the Group benefitted from its broad solution offerings in its automotive test solutions that are highly customised to meet the specific needs of the global automotive supply chain manufacturers from front-end to back-end.

The semiconductor and electro-optical industry contributed 21.4% and 20.1% respectively, towards the ATE segment during the 9M2022. While revenue contribution from the electro-optical industry indicated signs of contraction, revenue from the semiconductor industry, on the other hand, grew by 19.9% during the financial period as compared to the same financial period in 2021. The Group continued to witness pandemic-induced demand for its legacy semiconductor handling equipment during the 9M2022, driven mainly by the acceleration of global digital transformation along with certain trends of inventory management for supply chain resilience.

Despite the increase in the revenue in the ATE segment, the Group experienced a decrease in the profit before taxation by 15.4% from RM22.2 million during the 3Q2021 to RM18.8 million for the 3Q2022, mainly due to the wider loss from changes in fair value of foreign currency forward contracts (“derivative loss”) in 3Q2022 as compared to 3Q2021 arising from the continuous appreciation of U.S. Dollar against MYR towards the end of the financial period. However, overall for the 9M2022, the Group profit before taxation increased by 3.0% from RM75.9 million in 9M2021 to RM78.2 million in 9M2022 due to the increase in revenue.

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2) Factory automation solutions

Revenue from the FAS segment registered a double-digit growth of approximately 14.7% in the 3Q2022 as compared to the 3Q2021. This brought the FAS segment achieving a total revenue of RM54.7 million in 3Q2022 (3Q2021: RM47.7 million) and RM131.0 million for the 9M2022 (9M2021: RM118.5 million), representing an overall increase of 10.6% in 9M2022. The consumer and industrial products segment continued to lead within the FAS segment, at a 42.3% contribution rate, followed by the medical devices segment and electro-optical segment with each contributing approximately 32.5% and 20.8% respectively. Notably, the Group witnessed a strong revenue pace from its medical devices segment during the 9M2022 due largely to the increased market demand for the Group’s proprietary i-ARMS (intelligent Automated Robotic Manufacturing System) solutions. Additionally, the Group continues to witness broader adoption for its i-ARMS among manufacturers for better production efficiency in creating a dynamic production environment to improve reliability, effectiveness and safety while reducing operation and downtime costs. Against this backdrop, revenue from the FAS segment is expected to grow with the huge potential and opportunity anchored by the increasing industrial automation market in the current post-pandemic context.

Owing to an increase in the revenue and favorable changes in product mix with better profit margin, the FAS segment recorded a higher profit before taxation by 33.9% to RM15.3 million for the 3Q2022 (3Q2021: RM11.4 million) and 47.1% to RM25.6 million for the 9M2022 (9M2021: RM17.4 million).

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 a slight increase in revenue to RM95,000 in 3Q2022 (3Q2021: RM41,000). However, revenue for the 9M2022 recorded a slight decrease to RM0.2 million (9M2021: RM0.3 million).

This segment achieved similar loss before taxation at RM0.8 million in 3Q2022 (3Q2021: RM0.8 million) and similar loss before taxation in 9M2022 and 9M2021 at RM2.4 million.

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

	3 Months Ended	3 Months Ended	Variance
	30/9/2022	30/6/2022	
	RM'000	RM'000	%
Revenue	155,595	151,343	2.8
Operating profit	31,111	31,420	(1.0)
Profit before taxation	30,687	31,154	(1.5)
Profit for the financial period	31,785	30,436	4.4

In 3Q2022, the Group recorded a higher revenue at RM155.6 million as compared to the revenue of RM151.3 million for the 3-month ended 30 June 2022 (“2Q2022”), representing an increase of 2.8%. The increase in 3Q2022 revenue was mainly due to increase in contribution from the FAS business segment by 28.8% which was largely driven by the demand from the medical devices within the FAS segment. The below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

	3 Months Ended	3 Months Ended	Variance
	30/9/2022	30/6/2022	
	RM'000	RM'000	%
ATE	121,031	133,623	(9.4)
FAS	54,747	42,518	28.8
Smart control solution system	95	70	35.7

The following table sets out revenue breakdown and comparison by customers' segment for the Group:

	3 Months Ended		3 Months Ended	
	30/9/2022		30/6/2022	
	RM'000	%	RM'000	%
Automotive	82,384	52.9	50,575	33.4
Electro-Optical	10,094	6.5	37,414	24.7
Semiconductor	15,886	10.2	35,804	23.7
Consumer and industrial products	20,204	13.0	14,464	9.6
Medical devices	27,027	17.4	13,086	8.6
Total	155,595		151,343	

The profit before taxation recorded a marginal decrease of 1.5% in 3Q2022 to RM30.7 million (2Q2022: RM31.2 million).

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Performance of the respective operating segments which includes inter-segment transactions in 3Q2022 as compared to 2Q2022 are analysed as follows:

1) Automated test equipment

In 3Q2022, revenue from the ATE segment decreased by RM12.6 million to RM121.0 million (2Q2022: RM133.6 million), representing a decrease of 9.4%. The decrease was mainly due to the continuous revenue contraction from the electro-optical industry in 3Q2022.

The ATE segment recorded a lower profit before taxation by 30.0% to RM18.8 million in 3Q2022 (2Q2022: RM26.8 million) due to the decrease in revenue and higher employee benefit expense under its share award scheme in 3Q2022.

2) Factory automation solutions

The FAS segment recorded an increase in revenue to RM54.7 million in 3Q2022 (2Q2022: RM42.5 million), representing an increase of 28.8% driven by the project delivery from the medical devices segment due largely to the increased market demand for the Group’s proprietary i-ARMS solutions.

In tandem with the increase in revenue and favorable changes in its product mix with better profit margin, the FAS segment witnessed an increase in profit before taxation to RM15.3 million (2Q2022: RM6.7 million).

3) Smart control solution system

The smart control solution system segment recorded a higher revenue in 3Q2022 amounting to RM95,000 (2Q2022: RM70,000), owing to higher number of project billings in 3Q2022.

The smart control solution system recorded similar quantum of loss before taxation of RM0.8 million in both 3Q2022 and 2Q2022.

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16 Prospect

After recording a double-digit revenue growth for the 9M2022, the Group is optimistic on concluding the financial year by achieving another record year of business growth. During the financial period under review, with the exception of the Group’s electro-optical segment, all other industry segments witnessed encouraging growth that has contributed positively to both the ATE and FAS segments of the Group. Particularly, the Group finds the automotive and the medical devices segment having strong positive momentum heading towards next year, barring any significant deterioration in the global economic situation and geopolitical risk. Given the volatility and having learnt from the past, the Group will continue to necessitate its internal supply chain strategies, which include securing critical parts and long lead material items to smoothen its project delivery while converting its orders on hand as scheduled.

Underpinned by the rapid growth and intensifying trends in automotive electrification, the Group’s automotive segment will be the main strategic pillar that will pilot the performance and growth of the Group organically in the mid to immediate term. While there are some near-term expenditures associated with the Group’s geographical expansion, the incurrence of these operating costs is deemed necessary in order to expand the Group’s footprints outside of Malaysia to make further inroads into the automotive market, especially more so in the current deglobalization trend. Overall, the business sustainability continues to be one of the fundamental principles encapsulating the Group’s commitment in achieving a solid business growth over the long run and the Group will stay focused on its strategic business roadmap that will progressively guide the Group in delivering strong business performance going forward.

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	-	(564)
Income tax credit	1,098	-

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 Investment Development Authority which exempts 100% of statutory income in relation to production of certain products and solutions.

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19 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

20 Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement, except for the following:

Investment in Everready Precision Industrial Corp, Taiwan, Republic of China

On 4 July 2022, the Company announced that Pentamaster InnoTeq Sdn. Bhd. (“PISB”), a wholly owned subsidiary of PCB, has on that date, subscribed for 16,614,507 new fully paid up ordinary shares in Everready Precision Industrial Corp, Taiwan, Republic of China (“EPIC”) (“EPIC Shares”) representing 29.9% of the enlarged equity interest in EPIC (“Proposed Subscription”) for a total consideration of United States Dollar Six Million Seven Hundred Seventy Six Thousand Seven Hundred and Thirty Three (USD6,776,733) only (approximately equivalent to Ringgit Malaysia Twenty Nine Million Eight Hundred Eighty Five Thousand Three Hundred Ninety Three (RM29,885,393) at an exchange rate of USD1 : RM4.41). The completion of the Proposed Subscription is pending the approval of the Kaohsiung Nanzih Technology Industrial Park in Taiwan and the allotment of the new EPIC shares to PISB.

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	-
Total	29,500	29,500	11,548		17,952

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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 ⁽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	5,000	Within five (5) years	27,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	26,129	Within five (5) years	2,519
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	-
Total	90,378	99,891	87,100	56,840		30,260

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.

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>	
Term loan	436
<u>Long term borrowings (secured)</u>	
Term loan	1,812
Total	2,248

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.

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23 Derivative Financial Instruments

As at the date of the statement of financial position 30 September 2022, 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	227,462	(19,061)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 2022, 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 30 September 2022, 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.

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 30 September 2022.

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27 Earnings Per Share

The calculation of basic earnings per share for the financial period 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.

	3 Months Ended 30/9/2022 RM'000	3 Months Ended 30/9/2021 RM'000	9 Months Ended 30/9/2022 RM'000	9 Months Ended 30/9/2021 RM'000
Profit and total comprehensive income attributable to owners of the Company	20,074	19,010	59,675	53,021
Weighted average number of ordinary shares	711,565,346	712,317,121	711,565,346	712,317,121
Earnings per share attributable to owners of the Company (sen)	2.82	2.67	8.39	7.44

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
3 November 2022