

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 30 JUNE 2018**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	30/6/2018 RM'000	30/6/2017 RM'000	30/6/2018 RM'000	30/6/2017 RM'000
Revenue	102,296	54,811	201,679	102,383
Cost of goods sold	(68,205)	(37,215)	(138,091)	(71,772)
Gross profit	34,091	17,596	63,588	30,611
Other income	15,579	933	21,534	4,669
Administrative expenses	(23,968)	(5,612)	(42,676)	(12,173)
Distribution costs	(1,469)	(1,101)	(1,602)	(1,880)
Other operating expenses	(39)	(9)	(94)	(55)
Operating profit	24,194	11,807	40,750	21,172
Finance costs	(49)	(23)	(98)	(47)
Share of results of an associate	(19)	(16)	(38)	(16)
Profit before taxation	24,126	11,768	40,614	21,109
Taxation	(1,196)	(1,452)	(2,630)	(2,298)
Profit and total comprehensive income for the period	22,930	10,316	37,984	18,811
Profit and total comprehensive income for the period attributable to :				
Owners of the Company	13,946	10,274	21,173	17,812
Non-controlling interests	8,984	42	16,811	999
	22,930	10,316	37,984	18,811
Earnings per share attributable to owners of the Company (sen) :-				
- Basic and diluted	4.41	3.25	6.69	5.63
One-off and non-recurring costs				
Listing expenses	-	247	7,146	247
Reported profit for the period	22,930	10,316	37,984	18,811
Adjusted profit for the period	22,930	10,563	45,130	19,058

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 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 30 JUNE 2018**

	Unaudited As at 30/6/2018 RM'000	Audited As at 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	54,032	45,971
Intangible assets	7,653	3,013
Investment in an associate	2,373	1,011
	<u>64,058</u>	<u>49,995</u>
Current assets		
Inventories	148,820	121,570
Trade receivables	59,060	41,038
Other receivables, deposits and prepayments	33,930	60,963
Derivative financial assets	-	461
Tax recoverable	1,061	20
Cash and cash equivalents	298,330	82,202
	<u>541,201</u>	<u>306,254</u>
TOTAL ASSETS	<u><u>605,259</u></u>	<u><u>356,249</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	79,303	79,303
Reserves	240,991	100,917
	<u>320,294</u>	<u>180,220</u>
Non-controlling interests	98,128	20,126
Total Equity	<u>418,422</u>	<u>200,346</u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,535	3,762
Deferred income	354	419
	<u>3,889</u>	<u>4,181</u>
Current liabilities		
Trade payables	33,772	26,050
Other payables, accruals and provision	137,612	124,640
Derivative financial liabilities	8,953	-
Borrowings	483	507
Provision for taxation	2,128	525
	<u>182,948</u>	<u>151,722</u>
Total Liabilities	<u>186,837</u>	<u>155,903</u>
TOTAL EQUITY AND LIABILITIES	<u><u>605,259</u></u>	<u><u>356,249</u></u>

The unaudited Condensed Consolidated Statement of Financial Position as at 30 June 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 SIX MONTHS ENDED 30 JUNE 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	-	-	21,173	21,173	16,811	37,984
Disposal of equity interest to non-controlling interests			118,901	118,901	61,191	180,092
As at 30 June 2018	<u>79,303</u>	<u>-</u>	<u>240,991</u>	<u>320,294</u>	<u>98,128</u>	<u>418,422</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	-	-	17,812	17,812	999	18,811
Acquisition of equity interest from non-controlling interest	-	-	(1,023)	(1,023)	(4,977)	(6,000)
Transition to no-par value regime on 31 January 2017	6,020	(6,020)	-	-	-	-
As at 30 June 2017	<u>79,303</u>	<u>-</u>	<u>45,682</u>	<u>124,985</u>	<u>-</u>	<u>124,985</u>

The unaudited Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 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 SIX MONTHS ENDED 30 JUNE 2018**

	6 Months ended 30/6/2018 RM'000	6 Months ended 30/6/2017 RM'000
Cash flows from operating activities		
Profit before taxation	40,614	21,108
Adjustments for:		
Allowance for doubtful debts	-	106
Amortisation of intangible assets	1,461	359
Deferred income released	(66)	(227)
Depreciation	1,143	1,430
Interest expense	99	47
Interest income	(839)	(411)
Loss/(gain) from changes in fair value of foreign currency forward contracts	9,414	(3,554)
Fair value loss on investment securities	-	135
Property, plant and equipment written off	-	14
Inventory written down - addition	144	3
Inventory written down - reversal	(9)	-
Share of results of an associate	38	16
Unrealised (gain)/loss on foreign exchange	(10,466)	3,068
Operating profit before working capital changes	<u>41,533</u>	<u>22,094</u>
Increase in inventories	(27,384)	(95,904)
(Increase)/decrease in receivables	(18,030)	12,695
Increase in payables	23,067	82,640
Cash generated from operations	<u>19,186</u>	<u>21,525</u>
Grant received	-	262
Interest paid	(99)	(47)
Tax paid	(2,093)	(1,156)
Tax refunded	25	-
Net cash generated from operating activities	<u>17,019</u>	<u>20,584</u>
Cash flows from investing activities		
Interest received	839	411
Purchase of property, plant and equipment	(9,204)	(3,436)
Purchase of computer software	(1,116)	(204)
Purchase of intangible assets	(4,985)	-
Acquisition of interest from non-controlling interests	-	(6,000)
Proceed from disposal of investment in a subsidiary	29,500	-
Investment in an associate	(1,400)	(1,050)
Net cash generated from / (used in) investing activities	<u>13,634</u>	<u>(10,279)</u>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	6 Months ended 30/6/2018 RM'000	6 Months ended 30/6/2017 RM'000
Cash flows from financing activities		
Repayment of finance lease liabilities	(92)	(88)
Proceeds from issuance of shares to non-controlling interests of a subsidiary	183,755	-
Share issue expenses	(3,664)	-
Repayment of term loan	(158)	-
Net cash generated from / (used in) financing activities	<u>179,841</u>	<u>(88)</u>
Net increase in cash and cash equivalents	210,494	10,217
Effect of foreign exchange rate changes	5,634	(777)
Cash and cash equivalents at the beginning of the period	<u>82,202</u>	<u>30,843</u>
Cash and cash equivalents at the end of the period	<u><u>298,330</u></u>	<u><u>40,283</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2018 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Quarter Ended 30 June 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 30 June 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)
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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

8 Contingent Liabilities

	As at 30/06/2018	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	10,498	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	11,485

10 Segmental Information

Results for the period ended 30 June 2018

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solutions System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	174,253	25,113	2,313	-	201,679
Inter-segment revenue	5,873	6,245	452	(12,570)	-
Total revenue	180,126	31,358	2,765	(12,570)	201,679
Results					
Segment results	42,615	2,486	(566)	(3,785)	40,750
Finance costs	(97)	-	(1)	-	(98)
Share of results of an associate	-	-	-	(38)	(38)
Profit/(loss) before taxation	42,518	2,486	(567)	(3,823)	40,614
Taxation	(2,628)	(2)	-	-	(2,630)
Profit/(loss) after taxation	39,890	2,484	(567)	(3,823)	37,984

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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

Results for the period ended 30 June 2017

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solutions System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	82,687	13,944	5,435	317	102,383
Inter-segment revenue	1,040	6,051	131	(7,222)	-
Total revenue	83,727	19,995	5,566	(6,905)	102,383
Results					
Segment results	19,777	3,313	268	(2,186)	21,172
Finance costs	(7)	-	(3)	(37)	(47)
Share of results of an associate	-	-	-	(16)	(16)
Profit/(loss) before taxation	19,770	3,313	265	(2,239)	21,109
Taxation	(2,221)	(2)	(75)	-	(2,298)
Profit/(loss) after taxation	17,549	3,311	190	(2,239)	18,811

11 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	(1,831)	(2,538)
Foreign exchange gain	15,056	10,264
Loss from changes in fair value of foreign currency forward contracts	(14,868)	(9,414)
Interest income	502	839
Interest expense	(50)	(99)
Inventory written down - addition	(14)	(144)
Inventory written down - reversal	9	9
Listing expenses	-	(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.

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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

13 Review of Performance

	3 Months Ended	3 Months Ended	Variance
	30/6/2018	30/6/2017	%
	RM'000	RM'000	
Revenue	102,296	54,811	86.6
Operating profit	24,194	11,807	104.9
Profit before taxation	24,126	11,768	105.0
Profit and total comprehensive income for the period	22,930	10,316	122.3

The Group recorded a higher revenue at RM102.3 million in the current quarter as compared to RM54.8 million registered in the corresponding quarter last year, representing an increase of 86.6%. The higher revenue recorded was mainly due to increase in sales from both the automated equipment and automated manufacturing solution operating segment. The following table sets out revenue breakdown by customers' segment for the Group:

	3 Months Ended		3 Months Ended	
	30/6/2018		30/6/2017	
	RM'000	%	RM'000	%
Telecommunication	73,386	71.6	36,430	66.5
Automotive	16,120	15.8	1,072	2.0
Semiconductor	6,716	6.6	9,578	17.5
Consumer electronics	4,688	4.6	2,760	5.0
Medical devices	404	0.4	-	-
Others	982	1.0	4,971	9.0
Total	102,296		54,811	

Due to higher revenue achieved during the three months ended 30 June 2018, the Group consequently recorded a higher profit before taxation of RM24.1 million in the current quarter as compared to the profit before taxation of RM11.8 million in the previous corresponding quarter, representing an increase of 105.0%.

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

The automated equipment segment remains as the Group's major revenue source. The products and solutions under this segment generally consist of (i) semiconductor electronic components testing for smart sensors and ICs (integrated circuits); and (ii) end products testing for consumer electronics products and LEDs.

During the three months ended 30 June 2018, this segment recorded an increase in revenue by RM48.4 million to RM89.0 million as compared to the corresponding quarter last year. The substantial revenue growth of 119.2% was mainly attributable to the stronger demand for our test equipment namely microelectromechanical systems (MEMS) and smart sensor test handler solutions from the telecommunication markets particularly the smart mobile device sector as well as the automotive sector. The rise in such demand was underpinned by the increasing

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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 RM19.1 million against profit before taxation of RM7.9 million in the corresponding quarter last year, which represented an increase of 141.8%.

2) Automated manufacturing solution

The products and solutions in this segment entail customised integrated manufacturing system consisting of automated assembly and test modules, material handling equipment, robotics technology, auto inspection and manufacturing execution system (MES) for various industries including telecommunications, automotive, food and beverage and medical devices.

This segment recorded revenue of RM18.9 million in the current quarter as compared to RM16.9 million in the corresponding quarter last year, representing an increase of RM2.0 million or approximately 11.8%. This was mainly due to higher demand for our proprietary products in our automated manufacturing solution modules and our intelligent Automated Robotic Manufacturing System (i-ARMS) solutions for the industries as described above. However, this segment recorded lower profit before taxation of RM1.5 million in the current quarter under review as compared to profit before taxation of RM5.4 million in the previous corresponding quarter due to changes in sales mix.

3) Smart control solution system

The smart control solution system segment recorded revenue of RM1.3 million in the current quarter as compared to RM4.0 million in the corresponding quarter last year, representing a decrease of RM2.7 million or approximately 67.5%. This segment recorded a loss before taxation of RM239,000 in the current quarter under review as compared to profit before taxation of RM824,000 in the corresponding quarter last year due to lower revenue recorded in the current quarter under review.

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

	3 Months Ended 30/6/2018	3 Months Ended 31/3/2018	Variance
	RM'000	RM'000	%
Revenue	102,296	99,383	2.9
Operating profit	24,194	16,556	46.1
Profit before taxation	24,126	16,488	46.3
Profit and total comprehensive income for the period	22,930	15,054	52.3

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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

For the second quarter ended 30 June 2018, the Group recorded a higher revenue at RM102.3 million as compared to the revenue of RM99.4 million in the preceding quarter, representing an increase of 2.9%. The higher revenue recorded in the current quarter under review was mainly due to increase in sales from automated manufacturing solution operating segment. The following table sets out revenue breakdown by customers’ segment for the Group:

	3 Months Ended 30/6/2018		3 Months Ended 31/3/2018	
	RM’000	%	RM’000	%
Telecommunication	73,386	71.6	69,200	69.6
Automotive	16,120	15.8	8,729	8.8
Semiconductor	6,716	6.6	14,992	15.1
Consumer electronics	4,688	4.6	3,252	3.3
Medical devices	404	0.4	-	-
Others	982	1.0	3,210	3.2
Total	102,296		99,383	

The Group recorded a higher profit before taxation of RM24.1 million in the current quarter as compared to the profit before taxation of RM23.6 million after taking into account the non-recurring expenses of RM7.1 million in the preceding quarter. Profit before taxation recorded an increase of 2.1% which was in tandem with the increase in revenue of 2.9%.

Performance of the respective operating segments which includes inter-segment transactions for the second quarter ended 30 June 2018 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The decrease in revenue by RM2.1 million in the current quarter to RM89.0 million as compared to the preceding quarter was mainly due to the timing in the project delivery for our MEMS & smart sensor test handler solution to customers in telecommunication segment. Consequently, this segment achieved a lower profit before taxation of RM19.1 million as compared to RM23.4 million in preceding quarter mainly attributable to changes in sales mix.

2) Automated manufacturing solution

This segment recorded revenue of RM18.9 million in the current quarter as compared to RM12.4 million in the preceding quarter, representing an increase of RM6.5 million. This was due to higher sales recorded and recognised for the integrated manufacturing solution as a result of higher number of projects delivered to customers. Consequently, this segment recorded a profit before taxation of RM1.5 million in the current quarter as compared to the profit before taxation of RM944,000 in the preceding quarter.

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3) Smart control solution system

Revenue from this segment was RM247,000 lower than the preceding quarter. This segment recorded a loss before taxation of RM239,000 as compared to the loss before taxation of RM328,000 in the preceding quarter due to lower revenue recorded.

15 Current Year Prospect

Generally, the Group views its performance in the second half of the year positively based on the current book orders on hand. The Group anticipates a positive growth momentum going into the second half of 2018 deriving mainly from the 3D sensing test equipment for the smartphone devices segment as well as automation solutions for the automotive segment. Following the commencement of operations of the new production plant in June 2018, the Group expects higher volume of project delivery involving large-scale factory automation lines such as our i-ARMS solutions 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
	RM'000	Date
		RM'000
Income tax payable	1,196	2,630
	<hr/>	<hr/>
	1,196	2,630
	<hr/>	<hr/>

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.

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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

18 Changes in the Composition of the Group

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

19 Corporate Proposals

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

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	2,500	Within one (1) year	-
Sales and marketing expenses	500	500	500	Within one (1) year	-
Total	25,500	25,500	25,500		-

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	277	Within one (1) year	4,223
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	176	Within one (1) year	4,824
Total	29,500	29,500	453		29,047

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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	4,985	Within five (5) years	23,663
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	10,291		76,809

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.

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	155
Term loan	328
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	21
Term loan	3,514
Total utilisation	4,018

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.

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Notes To The Interim Financial Report For Quarter Ended 30 June 2018

22 Derivative Financial Instruments

As at the date of the statement of financial position 30 June 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	357,303	(8,953)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 June 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.

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 30 June 2018.

25 Related Party Transactions

There were no related party transactions during the current quarter under review.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Quarter Ended 30 June 2018

26 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 30/6/2018 RM'000	3 Months Ended 30/6/2017 RM'000	6 Months Ended 30/6/2018 RM'000	6 Months Ended 30/6/2017 RM'000
Profit and total comprehensive income attributable to owners of the Company	13,946	10,274	21,173	17,812
Weighted average number of ordinary shares	316,585,424	316,585,424	316,585,424	316,585,424
Earnings per share attributable to owners of the Company (sen)	4.41	3.25	6.69	5.63

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
17 August 2018