

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 2019

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/3/2019 (Unaudited) RM'000	31/3/2018 (Unaudited) RM'000	31/3/2019 (Unaudited) RM'000	31/3/2018 (Unaudited) RM'000
Revenue	118,760	99,383	118,760	99,383
Cost of goods sold	(77,655)	(69,886)	(77,655)	(69,886)
Gross profit	41,105	29,497	41,105	29,497
Other income	6,428	5,955	6,428	5,955
Administrative expenses	(12,528)	(18,708)	(12,528)	(18,708)
Distribution costs	(1,678)	(133)	(1,678)	(133)
Other operating expenses	(50)	(55)	(50)	(55)
Operating profit	33,277	16,556	33,277	16,556
Finance costs	(44)	(49)	(44)	(49)
Share of results of an associate	(87)	(19)	(87)	(19)
Profit before taxation	33,146	16,488	33,146	16,488
Taxation	(2,411)	(1,434)	(2,411)	(1,434)
Profit and total comprehensive income for the period	30,735	15,054	30,735	15,054
Profit and total comprehensive income for the period attributable to :				
Owners of the Company	19,564	7,227	19,564	7,227
Non-controlling interests	11,171	7,827	11,171	7,827
	30,735	15,054	30,735	15,054
Earnings per share attributable to owners of the Company (sen) :- - Basic and diluted	6.18	2.28	6.18	2.28

One-off and non-recurring costs

Listing expenses	-	7,146	-	7,146
Reported profit for the period	30,735	15,054	30,735	15,054
Adjusted profit for the period	30,735	22,200	30,735	22,200

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three months ended 31 March 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

**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 2019**

	As at 31/3/2019 (Unaudited) RM'000	As at 31/12/2018 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,788	71,651
Intangible assets	11,278	10,797
Investment property	10,050	10,050
Investment in an associate	3,659	3,046
	<u>97,775</u>	<u>95,544</u>
Current assets		
Inventories	124,577	138,115
Trade receivables	35,797	51,913
Other receivables, deposits and prepayments	31,786	34,829
Tax recoverable	418	984
Cash and cash equivalents	376,932	324,653
	<u>569,510</u>	<u>550,494</u>
Total assets	<u><u>667,285</u></u>	<u><u>646,038</u></u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	79,303	79,303
Reserves	296,498	276,934
	<u>375,801</u>	<u>356,237</u>
Non-controlling interests	<u>129,391</u>	<u>118,220</u>
Total equity	<u><u>505,192</u></u>	<u><u>474,457</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	3,283	3,346
Deferred income	144	288
	<u>3,427</u>	<u>3,634</u>
Current liabilities		
Trade payables	34,847	40,003
Other payables, accruals and provision	19,162	22,470
Contract liabilities	102,327	99,092
Derivative financial liabilities	618	4,810
Borrowings	349	416
Provision for taxation	1,363	1,156
	<u>158,666</u>	<u>167,947</u>
Total liabilities	<u><u>162,093</u></u>	<u><u>171,581</u></u>
Total equity and liabilities	<u><u>667,285</u></u>	<u><u>646,038</u></u>

The unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

**PENTAMASTER CORPORATION BERHAD (572307-U) ("PCB" or "Company")
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE MONTHS ENDED 31 MARCH 2019**

	Equity attributable to owners of the Company			Non- controlling Interests	Total equity
	Share capital	Retained profits	Total		
	RM'000	RM'000	RM'000		
As at 1 January 2019 (Audited)	79,303	276,934	356,237	118,220	474,457
Total comprehensive income for the period	-	19,564	19,564	11,171	30,735
As at 31 March 2019 (Unaudited)	<u>79,303</u>	<u>296,498</u>	<u>375,801</u>	<u>129,391</u>	<u>505,192</u>

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

The unaudited Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

**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 2019**

	3 Months ended 31/3/2019 (Unaudited) RM'000	3 Months ended 31/3/2018 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	33,146	16,488
Adjustments for:		
Amortisation of intangible assets	186	182
Deferred income released	(144)	(33)
Depreciation	860	558
Interest expense	44	49
Interest income	(2,099)	(337)
Loss/(gain) from changes in fair value of foreign currency forward contracts	(4,192)	(5,454)
Inventory written downs - addition	20	130
Inventory written downs - reversal	(8)	-
Share of results of an associate	87	19
Unrealised loss on foreign exchange	2,256	3,926
Operating profit before working capital changes	<u>30,156</u>	<u>15,528</u>
Decrease/(increase) in inventories	13,526	(1,005)
Decrease/(increase) in receivables	18,684	(4,355)
Decrease in payables	(8,467)	(19,225)
Increase in contract liabilities	3,235	17,977
Cash generated from operations	<u>57,134</u>	<u>8,920</u>
Interest paid	(44)	(49)
Tax paid	(1,637)	(1,201)
Tax refunded	-	25
Net cash generated from operating activities	<u>55,453</u>	<u>7,695</u>
Cash flows from investing activities		
Interest received	2,099	337
Purchase of property, plant and equipment	(1,997)	(2,291)
Purchase of intangible assets	(668)	(1,193)
Proceed from disposal of investment in a subsidiary	-	29,500
Investment in an associate	(700)	-
Net cash (used in) / generated from investing activities	<u>(1,266)</u>	<u>26,353</u>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE MONTHS ENDED 31 MARCH 2019**

	3 Months ended 31/3/2019 (Unaudited) RM'000	3 Months ended 31/3/2018 (Unaudited) RM'000
Cash flows from financing activities		
Proceeds from disposal of shares to non-controlling interest of a subsidiary	-	87,102
Proceeds from issuance of shares to non-controlling interest of a subsidiary	-	92,989
Payment of finance lease liabilities	(48)	(46)
Repayment of term loan	(82)	(79)
Net cash (used in) / generated from financing activities	<u>(130)</u>	<u>179,966</u>
Net increase In cash and cash equivalents	54,057 -	214,014
Effect of foreign exchange rate changes	(1,778)	(2,640)
Cash and cash equivalents at the beginning of the period	<u>324,653</u>	<u>82,202</u>
Cash and cash equivalents at the end of the period	<u><u>376,932</u></u>	<u><u>293,576</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Period ended 31 March 2019

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 2019 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 2018.

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 2018, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual period beginning on or after 1 January 2019:

MFRS 16 *Leases*

Amendments to MFRS 9 *Financial Instrument: Prepayment Features with Negative Compensation*

Amendments to MFRS 119 *Employee Benefits: Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 128 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Annual Improvements to MFRS Standards 2015-2017 Cycle

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 2018 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.

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Period ended 31 March 2019

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 2018 up to 31 March 2019.

9 Capital Commitments

	Amount RM'000
Authorised but not contracted for: - Property, plant and equipment	-
Contracted but not provided for: - Property, plant and equipment	17,539

10 Related Party Transaction

There was no related party transaction for the Group since 31 December 2018 up to 31 March 2019.

PENTAMASTER CORPORATION BERHAD (572307-U)
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11 Segmental Information

Results for the period ended 31 March 2019

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solutions System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	99,361	17,309	2,090	-	118,760
Inter-segment revenue	2,868	354	14	(3,236)	-
Total revenue	102,229	17,663	2,104		118,760
Results					
Segment results	31,377	2,247	(212)	(2,234)	31,178
Interest income	1,040	91	-	968	2,099
Interest expense	(44)	-	-	-	(44)
Share of results of an associate	-	-	-	(87)	(87)
Profit/(loss) before taxation	32,373	2,338	(212)		33,146
Taxation	(2,394)	(17)	-		(2,411)
Profit/(loss) after taxation	29,979	2,321	(212)		30,735

Results for the period ended 31 March 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	90,353	7,691	1,339	-	99,383
Inter-segment revenue	781	4,735	167	(5,683)	-
Total revenue	91,134	12,426	1,506		99,383
Results					
Segment results	23,263	938	(331)	(7,651)	16,219
Interest income	222	6	3	106	337
Interest expense	(49)	-	-	-	(49)
Share of results of an associate	-	-	-	(19)	(19)
Profit/(loss) before taxation	23,436	944	(328)		16,488
Taxation	(1,433)	(1)	-		(1,434)
Profit/(loss) after taxation	22,003	943	(328)		15,054

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Period ended 31 March 2019

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 amortization	(902)	(902)
Foreign exchange loss	(5,428)	(5,428)
Gain from changes in fair value of foreign currency forward contracts	4,192	4,192
Interest income	2,099	2,099
Income from investment	-	-
Interest expense	(44)	(44)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Inventory written down – addition	20	20
Inventory written down – reversal	(8)	(8)
Provision for and write-off of Receivables	-	-

13 Events Subsequent to the End of the Year

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

14 Review of Performance

	Individual Quarter and Cumulative Period 3 Months Ended		
	31/3/2019	31/3/2018	Variance
	RM'000	RM'000	%
Revenue	118,760	99,383	19.5
Operating profit	33,277	16,556	101.0
Profit before taxation	33,146	16,488	101.0
Profit and total comprehensive income for the period	30,735	15,054	104.2

The Group recorded higher revenue at RM118.8 million in the current quarter as compared to RM99.4 million registered in the corresponding quarter last year, representing an increase of 19.5%. The higher revenue recorded was mainly due to increase in sales from both the automated equipment and automated manufacturing solution operating segment.

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

	Individual Quarter and Cumulative Period 3 Months Ended			
	31/3/2019		31/3/2018	
	RM’000	%	RM’000	%
Telecommunications	75,112	63.3	69,200	69.6
Consumer and industrial products	15,076	12.7	3,252	3.3
Semiconductor	14,742	12.4	14,992	15.1
Automotive	11,693	9.8	8,729	8.8
Medical devices	47	<i>n.m.</i>	-	-
Others	2,090	1.8	3,210	3.2
Total	118,760		99,383	

Due to higher revenue achieved during the three months ended 31 March 2019, the Group consequently recorded a higher profit before taxation of RM33.1 million in the current quarter as compared to the profit before taxation of RM16.5million in the previous corresponding quarter after taking into account the non-recurring expenses in relation to the listing exercise of Pentamaster International Limited (“PIL”), representing an increase of 101.0%. Should the effects of such non-recurring expenses be excluded, the Group would have recorded a profit before taxation of RM23.6 million in the first quarter of 2018, representing an increase of 40.3% to the profit before taxation in the first quarter of 2019. The increase in the profit before taxation for the period ended 31 March 2019 is mainly due to improvement in the Group’s operating efficiency resulting in higher operating profit margin and higher interest income.

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 consist of designing, development and manufacturing of standard and non-standard automated testing equipment.

This segment recorded an increase in revenue by RM11.1 million or 12.2% to RM102.2 million for the three months ended 31 March 2019 as compared to the previous period ended 31 March 2018. The growth in revenue was mainly attributable to the continuous strong demand for the Group’s smart sensor test equipment and solutions, particularly from the telecommunications segment given the continuous increasing volume of smart sensors in the new generation mobile devices as well as its peripherals upgrade that come equipped with better features and capabilities. Taking into account the current trend where new generation devices typically have a higher turnover rate and shorter time-to-market, the demand for smart sensor test equipment remain robust in 2019.

As a result of higher revenue achieved, changes in sales mix and improvement in the Group’s operating efficiency, this segment recorded higher profit before taxation by RM9.0 million or 38.5% in the current quarter under review as compared to profit before taxation of RM23.4 million in the corresponding quarter last year.

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2) Automated manufacturing solution

The products and solutions in this segment entail designing, development and installation of integrated automated manufacturing solutions.

This segment recorded revenue of RM17.7 million in the current quarter as compared to revenue of RM12.4 million in the corresponding quarter last year, representing an increase of approximately 42.7%. The increase in revenue from this segment was mainly due to higher demand for the integrated manufacturing solution and modules as well as the i-ARMS (intelligent Automated Robotic Manufacturing System) solutions. Such higher demand resulted in a better performance in this segment which witnessed an increasing adoption of automation technology in manufacturing by customers in telecommunications and automotive segments as well as consumer and industrial products segment in the current quarter.

In tandem with higher revenue and favorable changes in sales mix, profit before taxation in this segment is higher by RM1.4 million in the current quarter under review as compared to profit before taxation of RM0.9 million in the previous corresponding quarter.

3) Smart control solution system

The smart control solution system segment recorded revenue of RM2.1 million in the current quarter as compared to revenue of RM1.5 million in the corresponding quarter last year. This segment recorded a loss before taxation of RM0.2 million in the current quarter as compared to loss before taxation of RM0.3 million in the corresponding quarter last year.

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

	3 Months Ended	3 Months Ended	Variance
	31/3/2019	31/12/2018	
	RM'000	RM'000	%
Revenue	118,760	112,218	5.8
Operating profit	33,277	30,499	9.1
Profit before taxation	33,146	30,435	8.9
Profit and total comprehensive income for the period	30,735	29,318	4.8

For the first quarter ended 31 March 2019, the Group recorded higher revenue at RM118.8 million as compared to the revenue of RM112.2 million in the preceding quarter, representing an increase of 5.8%. The higher revenue recorded in the current quarter under review was due to increase in sales from automated equipment operating segment.

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

	3 Months Ended 31/3/2019		3 Months Ended 31/12/2018	
	RM’000	%	RM’000	%
Telecommunications	75,112	63.3	75,692	67.5
Consumer and industrial products	15,076	12.7	12,997	11.6
Semiconductor	14,742	12.4	11,213	10.0
Automotive	11,693	9.8	11,313	10.1
Medical devices	47	<i>n.m.</i>	723	0.6
Others	2,090	1.8	280	0.2
Total	118,760		112,218	

The Group recorded a higher profit before taxation of RM33.1 million in the current quarter as compared to the profit before taxation of RM30.4 million in the preceding quarter, representing an increase of 8.9% which was in tandem with the increase in revenue.

Performance of the respective operating segments which includes inter-segment transactions for the first quarter ended 31 March 2019 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

During the three months ended 31 March 2019, revenue from the automated equipment segment increased by RM22.0 million to RM102.2 million as compared to the preceding quarter of RM80.2 million. The increase was mainly due to the higher demand for the Group’s smart sensor test equipment and solutions particularly from the semiconductor and consumer electronic segment. This segment achieved a higher profit before taxation of RM32.4 million as compared to RM25.6 million in preceding quarter mainly attributable to higher revenue and better changes in sales mix.

2) Automated manufacturing solution

Revenue from this segment in the current quarter was RM16.0 million lower against revenue of RM33.7 million in the preceding quarter. This was due to lower sales recorded and recognised for the integrated manufacturing solution from the number of projects delivered to customers. Consequently, this segment recorded a profit before taxation of RM2.3 million in the current quarter as compared to the profit before taxation of RM4.9 million in the preceding quarter.

3) Smart control solution system

Revenue from this segment was RM1.8 million higher than the preceding quarter. In tandem with higher revenue in the current quarter, this segment recorded a lower loss before taxation of RM0.2 million as compared to the loss before taxation of RM0.3 million in the preceding quarter.

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16 Prospect

Despite a challenging year in the overall technology sector in 2018, the Group remains optimistic and expects 2019 to be another good year with continued strong demand from its customers considering the size of its outstanding secured orders. In view of the continuous supply of its flagship test solutions, the broadening exposure of the Group in 3D sensing technology in VCSEL (vertical cavity surface emitting laser) and its efforts in diversifying its expertise across other business segments and customers, the Directors maintain a positive outlook of the Group’s performance in 2019. Both Automated Equipment and Automated Manufacturing Solution segments should see growth momentum driven by the adoption of 5G in the telecommunications and automotive sectors as well as the prevalence of Industry 4.0 revolution in the consumer and industrial products segment.

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	2,411	2,411

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

The Company had on 2 April 2019, announced a proposal to undertake a proposed bonus issue of up to 158,292,712 new ordinary shares in the Company ("Bonus Shares") on the basis of one (1) Bonus Share for every two (2) existing PCB shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). The Proposed Bonus Issue is conditional upon obtaining shareholders’ approval at the upcoming Extraordinary General Meeting on 10 June 2019.

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

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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	-	Within two (2) years	20,000
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
Total	29,500	29,500	9,500		20,000

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	-	Within two (2) years	32,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	9,074	Within five (5) years	19,574
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	14,380		72,720

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.*

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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	34
Term loan	315
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	
Term loan	3,283
Total	3,632

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.

23 Derivative Financial Instruments

As at the date of the statement of financial position 31 March 2019, 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	80,790	(618)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2019, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group’s risk management objectives, accounting policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“PCB” or “Company”)
Notes To The Interim Financial Report For Period ended 31 March 2019

24 Material Litigations

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

25 Dividends

As at the date of this announcement, the Board of Directors (“Board”) does not recommend any dividend in respect of the quarter ended 31 March 2019.

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 31/3/2019 RM'000	3 Months Ended 31/3/2018 RM'000
Profit and total comprehensive income attributable to owners of the Company	19,564	7,227
Weighted average number of ordinary shares	316,585,424	316,585,424
Earnings per share attributable to owners of the Company (sen)	6.18	2.28

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
15 May 2019