

**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 AND SIX MONTHS ENDED 30 JUNE 2021**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	30/6/2021 (Unaudited) RM'000	30/6/2020 (Unaudited) RM'000	30/6/2021 (Unaudited) RM'000	30/6/2020 (Unaudited) RM'000
Revenue	130,646	103,024	245,814	203,133
Cost of goods sold	(92,787)	(66,278)	(173,617)	(132,399)
Gross profit	<u>37,859</u>	<u>36,746</u>	<u>72,197</u>	<u>70,734</u>
Other income	3,146	4,694	13,815	11,928
Administrative expenses	(7,966)	(10,417)	(23,062)	(22,122)
Distribution costs	(2,637)	(1,935)	(5,742)	(3,822)
Other operating expenses	(32)	(16)	(114)	(40)
Operating profit	<u>30,370</u>	<u>29,072</u>	<u>57,094</u>	<u>56,678</u>
Finance costs	(23)	(37)	(47)	(75)
Share of results of an associate	(428)	(321)	(553)	(670)
Profit before taxation	<u>29,919</u>	<u>28,714</u>	<u>56,494</u>	<u>55,933</u>
Taxation	(1,215)	(2,249)	(1,936)	(3,365)
Profit and total comprehensive income for the period	<u><u>28,704</u></u>	<u><u>26,465</u></u>	<u><u>54,558</u></u>	<u><u>52,568</u></u>
Profit and total comprehensive income for the period attributable to :				
Owners of the Company	17,939	17,011	34,011	33,782
Non-controlling interests	10,765	9,454	20,547	18,786
	<u><u>28,704</u></u>	<u><u>26,465</u></u>	<u><u>54,558</u></u>	<u><u>52,568</u></u>
Earnings per share attributable to owners of the Company (sen) :				
- Basic and diluted	2.52	2.39	4.77	4.74

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2021**

	Unaudited As at 30/6/2021 RM'000	Audited As at 31/12/2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	119,137	121,782
Investment properties	19,617	19,668
Goodwill	4,495	4,495
Intangible assets	40,644	40,711
Investment in an associate	21,965	7,583
Other receivables, deposits and prepayments	10,406	10,609
	<u>216,264</u>	<u>204,848</u>
<b>Current assets</b>		
Inventories	58,458	33,836
Trade receivables	146,842	141,628
Other receivables, deposits and prepayments	14,107	10,228
Derivative financial assets	-	3,336
Other investments	908	676
Tax recoverable	1,445	1,228
Cash and cash equivalents	470,099	437,321
	<u>691,859</u>	<u>628,253</u>
<b>TOTAL ASSETS</b>	<u><u>908,123</u></u>	<u><u>833,101</u></u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	79,303	79,303
Shares held for share award scheme	(3,158)	(5,849)
Retained profits	457,021	434,972
	<u>533,166</u>	<u>508,426</u>
<b>Non-controlling interests</b>	<u>211,981</u>	<u>196,878</u>
<b>Total Equity</b>	<u><u>745,147</u></u>	<u><u>705,304</u></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	2,354	2,565
Deferred income	-	1,746
Deferred tax liabilities	4,568	4,837
	<u>6,922</u>	<u>9,148</u>
<b>Current liabilities</b>		
Trade payables	81,331	64,133
Other payables, accruals and provision	33,234	37,890
Contract liabilities	20,958	15,471
Derivative financial liabilities	1,330	-
Dividend payable	16,956	-
Deferred income	26	-
Borrowings	418	411
Provision for taxation	1,801	744
	<u>156,054</u>	<u>118,649</u>
<b>Total Liabilities</b>	<u><u>162,976</u></u>	<u><u>127,797</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>908,123</u></u>	<u><u>833,101</u></u>

The unaudited condensed consolidated statement of financial position as at 30 June 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**Equity attributable to owners of the Company**

	Share capital	Shares held for share award scheme	Share award reserve	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021 (Audited)	79,303	(5,849)	-	434,972	508,426	196,878	705,304
Total comprehensive income for the period	-	-	-	34,011	34,011	20,547	54,558
<i>Transactions with owners:</i>							
Dividend	-	-	-	(10,685)	(10,685)	-	(10,685)
Dividend to non-controlling interests	-	-	-	-	-	(6,271)	(6,271)
Effects of changes in shareholding	-	-	-	(827)	(827)	827	-
Purchase of shares for share award scheme	-	(1,090)	-	-	(1,090)	-	(1,090)
Equity-settled share award scheme arrangement	-	-	3,331	-	3,331	-	3,331
Vesting of shares of share award scheme	-	3,781	(3,331)	(450)	-	-	-
As at 30 June 2021 (Unaudited)	<u>79,303</u>	<u>(3,158)</u>	<u>-</u>	<u>457,021</u>	<u>533,166</u>	<u>211,981</u>	<u>745,147</u>

**Equity attributable to owners of the Company**

	Share capital	Shares held for share award scheme	Share award reserve	Retained profits	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020 (Audited)	79,303	-	-	357,298	436,601	159,285	595,886
Total comprehensive income for the period	-	-	-	33,782	33,782	18,786	52,568
<i>Transactions with owners:</i>							
Effect of changes in shareholding	-	-	-	-	-	(6,479)	(6,479)
Dividend to non-controlling interests	-	-	-	-	-	(4,793)	(4,793)
Purchase of shares for share award scheme	-	(507)	-	-	(507)	-	(507)
As at 30 June 2020 (Unaudited)	<u>79,303</u>	<u>(507)</u>	<u>-</u>	<u>391,080</u>	<u>469,876</u>	<u>166,799</u>	<u>636,675</u>

The unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<b>6 Months ended 30/6/2021 (Unaudited) RM'000</b>	<b>6 Months ended 30/6/2020 (Unaudited) RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	56,494	55,933
Adjustments for:		
Amortisation of intangible assets	2,583	400
Deferred income released	(1,720)	(163)
Depreciation	2,095	2,256
Loss on disposal of property, plant and equipment	1,667	-
Expected credit loss on receivables	216	4
Bad debts written off	-	2
Interest expense	47	75
Interest income	(3,224)	(5,031)
Loss from changes in fair value of foreign currency forward contracts	4,666	3,995
Gain on disposal of other investments	(39)	-
Loss from changes in fair value of other investments	27	-
Inventory written downs - addition	195	252
Inventory written downs - reversal	(185)	(1,302)
Share of results of an associate	553	670
Equity-settled share award scheme expense	3,331	-
Unrealised gain on foreign exchange	(5,504)	(4,656)
Operating profit before working capital changes	<u>61,202</u>	<u>52,435</u>
(Increase) / decrease in inventories	(24,633)	17,423
Increase in receivables	(4,265)	(37,169)
Increase in payables	12,229	16,578
Increase / (decrease) in contract liabilities	5,487	(30,613)
Cash generated from operations	<u>50,020</u>	<u>18,654</u>
Interest paid	(47)	(75)
Tax paid	(1,367)	(2,589)
Tax refund	1	9
Net cash generated from operating activities	<u>48,607</u>	<u>15,999</u>
<b>Cash flows from investing activities</b>		
Interest received	3,224	5,031
Investment in additional equity interest in a subsidiary	-	(6,479)
Purchase of property, plant and equipment	(1,772)	(3,739)
Purchase of intangible assets	(2,531)	(2,616)
Proceed from disposal of property, plant and equipment	720	-
Acquisition of other investments	(398)	-
Proceeds from disposal of other investments	180	-
Investment in an associate	-	(1,700)
Acquisition of redeemable convertible preference shares of an associate	(15,000)	-
Proceeds from disposal of shares in associate	66	-
Net cash used in investing activities	<u>(15,511)</u>	<u>(9,503)</u>

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 QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<b>6 Months ended 30/6/2021 (Unaudited) RM'000</b>	<b>6 Months ended 30/6/2020 (Unaudited) RM'000</b>
<b>Cash flows from financing activities</b>		
Repayment of term loan	(204)	(177)
Purchase of shares for share award scheme	<u>(1,090)</u>	<u>(507)</u>
Net cash used in financing activities	<u>(1,294)</u>	<u>(684)</u>
<b>Net increase in cash and cash equivalents</b>	31,802	5,812
<b>Effect of foreign exchange rate changes</b>	976	2,240
<b>Cash and cash equivalents at the beginning of the period</b>	<u>437,321</u>	<u>423,251</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>470,099</u></u>	<u><u>431,303</u></u>

The unaudited condensed consolidated statement of cash flows for the six months ended 30 June 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
**(“PCB” or “Company”)**  
**Notes To The Interim Financial Report For Period ended 30 June 2021**

**1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 30 June 2021 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2020.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2020, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual period beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*  
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

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: -

Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*<sup>1</sup>  
Amendments to MFRS 3 *Reference to the Conceptual Framework*<sup>2</sup>  
Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*<sup>2</sup>  
Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*<sup>2</sup>  
Amendments to MFRSs *Annual Improvements to MFRS Standards 2018–2020*<sup>2</sup>  
MFRS 17 *Insurance Contracts and related amendments*<sup>3</sup>  
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*<sup>3</sup>  
Amendments to MFRS 101 *Disclosure of Accounting Policies*<sup>3</sup>  
Amendments to MFRS 108 *Definition of Accounting Estimates*<sup>3</sup>  
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*<sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective date not yet determined

The Group is in the process of making an assessment of the impact of these new and amended IFRSs upon initial application and anticipates that such application will have no material impact on the results and financial position of the Group.

**2 Audit Report of Preceding Annual Financial Statements**

The audit report of the Group’s most recent annual audited financial statements for the year ended 31 December 2020 was not subject to any qualification.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
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**Notes To The Interim Financial Report For Period ended 30 June 2021**

**3 Seasonal and Cyclical Factors**

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. As such, the Group’s performance will, to a certain extent, depend on the outlook and cyclical nature of the semiconductor and manufacturing industries.

**4 Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5 Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**6 Valuations of Property, Plant and Equipment**

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

**7 Changes in Share Capital and Debt**

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the period under review.

**8 Contingent Liabilities**

There were no contingent liabilities for the Group since 31 December 2020 up to 30 June 2021.

**9 Capital Commitments**

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	5,913
Authorised but not contracted for - Property, plant and equipment	38,787

**10 Related Party Transaction**

There was no related party transaction for the Group since 31 December 2020 up to 30 June 2021.

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
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**Notes To The Interim Financial Report For Period ended 30 June 2021**

**11 Segmental Information**

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

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

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

**Results for the period ended 30 June 2021**

	Automated test equipment	Factory automation solutions	Smart control solutions system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Revenue	176,770	68,840	204		245,814
Inter-segment revenue	875	1,913	38	(2,826)	-
<b>Total revenue</b>	<b>177,645</b>	<b>70,753</b>	<b>242</b>		<b>245,814</b>
<b>Results</b>					
Segment results	51,839	5,884	(1,618)	(2,235)	53,870
Interest income	1,921	91		1,212	3,224
Interest expense	(47)	-	-		(47)
Share of results of an associate	-	-	-	(553)	(553)
<b>Profit/(loss) before taxation</b>	<b>53,713</b>	<b>5,975</b>	<b>(1,618)</b>		<b>56,494</b>
Taxation	(2,195)	(9)	-	268	(1,936)
<b>Profit/(loss) after taxation</b>	<b>51,518</b>	<b>5,966</b>	<b>(1,618)</b>		<b>54,558</b>



**PENTAMASTER CORPORATION BERHAD (572307-U)**  
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**Notes To The Interim Financial Report For Period ended 30 June 2021**

**Results for the period ended 30 June 2020**

	Automated test equipment	Factory automation solutions	Smart control solutions system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Revenue	136,762	66,302	69		203,133
Inter-segment revenue	1,688	851	5	(2,544)	-
<b>Total revenue</b>	<b>138,450</b>	<b>67,153</b>	<b>74</b>		<b>203,133</b>
<b>Results</b>					
Segment results	43,826	8,568	(631)	(116)	51,647
Interest income	3,353	114	1	1,563	5,031
Interest expense	(75)	-	-		(75)
Share of results of an associate	-	-	-	(670)	(670)
<b>Profit/(loss) before taxation</b>	<b>47,104</b>	<b>8,682</b>	<b>(630)</b>		<b>55,933</b>
Taxation	(3,330)	(35)	-		(3,365)
<b>Profit/(loss) after taxation</b>	<b>43,774</b>	<b>8,647</b>	<b>(630)</b>		<b>52,568</b>

**12 Profit Before Taxation**

	<b>Current Quarter</b>	<b>Current Year to Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(2,283)	(4,678)
Amortisation of deferred income	13	1,720
Gain/(loss) on foreign exchange:		
-realised	911	2,851
-unrealised	(446)	5,504
Gain/(loss) from changes in fair value of foreign currency forward contracts	370	(4,666)
Gain on disposal of other investments	-	39
Interest income	1,631	3,224
Interest expense	(23)	(47)
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Loss from changes in fair value of other investments	(18)	(27)
Loss on disposal of property, plant and equipment	(1,667)	(1,667)
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Investment income	-	-
Inventory written off	-	-
Inventory written downs-addition	(96)	(195)
Inventory written downs-reversal	85	185
Expected credit loss on receivables	(216)	(216)
Bad debt written off	-	-

**PENTAMASTER CORPORATION BERHAD (572307-U)**  
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**Notes To The Interim Financial Report For Period ended 30 June 2021**

**13 Events Subsequent to the End of the Period**

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

**14 Review of Performance**

	Individual Quarter 3 Months Ended			Cumulative Financial Period Ended		
	30/6/2021	30/6/2020	Variance	30/6/2021	30/6/2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	130,646	103,024	26.8	245,814	203,133	21.0
Operating profit	30,370	29,072	4.5	57,094	56,678	0.7
Profit before taxation	29,919	28,714	4.2	56,494	55,933	1.0
Profit and total comprehensive income for the period	28,704	26,465	8.5	54,558	52,568	3.8

The Group recorded the highest ever quarterly revenue of RM130.6 million in the 3-month ended 30 June 2021 (“2Q2021”) as compared to RM103.0 million registered in the 3-month ended 30 June 2020 (“2Q2020”), representing an increase of 26.8%. For the first half of 2021 (“1H2021”), the Group recorded a higher revenue of RM245.8 million as compared to RM203.1 million in the first half of 2020 (“1H2020”), representing an increase of 21.0%. The increase in revenue in 2Q2021 and 1H2021 was mainly contributed by both the ATE and FAS segments, with each constituting approximately 73.2% and 26.7% respectively of the Group’s total revenue in the current quarter.

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

	Individual Quarter 3 Months Ended				Cummulative Financial Period Ended			
	30/06/2021		30/06/2020		30/06/2021		30/06/2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ATE	96,928	73.2	70,745	68.2	177,645	71.4	138,450	67.3
FAS	35,279	26.7	32,926	31.8	70,753	28.5	67,153	32.6
Smart control solution system	133	0.1	-	-	242	0.1	74	n.m.

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

	Individual Quarter 3 Months Ended				Cumulative Financial Period Ended			
	30/6/2021		30/6/2020		30/6/2021		30/6/2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Electro-Optical <sup>(1)</sup>	73,000	55.8	46,547	45.2	138,243	56.2	89,867	44.2
Semiconductor	23,896	18.3	23,930	23.2	43,057	17.5	31,269	15.4
Automotive	14,582	11.2	10,292	10.0	25,930	10.5	27,954	13.8
Medical devices	11,471	8.8	12,452	12.1	14,403	5.9	24,928	12.3
Consumer and industrial products	7,602	5.8	9,803	9.5	23,977	9.8	29,046	14.3
Others	95	0.1	-	-	204	0.1	69	n.m.
<b>Total</b>	<b>130,646</b>		<b>103,024</b>		<b>245,814</b>		<b>203,133</b>	

Note:

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

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**Notes To The Interim Financial Report For Period ended 30 June 2021**

In line with the increase in revenue, the Group recorded a higher profit before taxation of RM29.9 million in the current quarter as compared to the profit before taxation of RM28.7 million in 2Q2020, representing an increase of 4.2%.

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**

The ATE segment continued to contribute the larger portion of revenue and profit to the Group’s results for 2Q2021 and 1H2021 at a revenue contribution rate of 73.2% and 71.4%. This segment recorded an increase in revenue of RM26.2 million in 2Q2021 and RM39.2 million in 1H2021, representing a growth of 37.1% and 28.3%, to RM 96.9 million in 2Q2021 and RM177.6 million in 1H2021 as compared to the corresponding period in 2020. Given the continued recovery in the smartphone market with 5G capability and other incremental features, the electro-optical segment of the Group’s business segment contributed RM138.2 million in revenue for the 1H2021, representing a 53.8% growth as compared to 1H2020. The ATE segment also benefitted from the semiconductor industry where revenue from this business segment has shown a growth of 37.7% as compared to 1H2020. Given the global automotive industry’s production is wilting under pressure from the supply chain challenges since beginning of the year, the Group’s revenue from the automotive segment witnessed an overall drop of 7.2% in 1H2021 as compared to 1H2020. However, the Group expects the revenue contribution from the automotive segment to rebound in the second half of the year given the momentum of the Group’s current order book and as the production of the global automotive industry normalise. Overall, barring any major deterioration of the COVID-19 pandemic situation, the Group continues to witness structural growth within its electro-optical and automotive segments.

This segment recorded a marginal increase in profit before taxation to RM28.0 million in 2Q2021 and RM53.7 million in 1H2021 as compared to profit before taxation of RM26.1 million in 2Q2020 and RM47.1 million in 1H2020, representing an increase of RM1.9 million or 7.4% in 2Q2021 and RM6.6 million or 14.0% in 1H2021. The increase in profit before taxation was in line with the increase in revenue and offset by lower margin product mix as a result of price adjustment for certain segments and projects.

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**2) Factory automation solutions**

In 2Q2021, revenue from the FAS segment increased by approximately 7.3% to RM35.3 million as compared to RM32.9 million in 2Q2020. In 1H2021, revenue from the FAS segment increased by approximately 5.4% to RM70.8 million as compared to MYR67.2 million recorded in the corresponding period last year. The FAS segment has continued to chalk growth in 1H2021 with the increasing demand for the Group’s i-ARMS (intelligent Automated Robotic Manufacturing System) albeit at a lower growth tangent as project’s complexity undertaken by FAS segment requires a longer project lead time for revenue recognition. The FAS segment was predominantly contributed by the consumer and industrial products segment as well as the medical devices segment, where deployment of the Group’s proprietary i-ARMS was more prevalent within these segments. Meanwhile, the COVID-19 pandemic may increase the adoption and transition towards automation as concerns regarding social distancing and spread of the virus has forced manufacturing companies and businesses worldwide towards digital technologies. Against the backdrop of this automation trend, the Group will leverage on its competitive advantages to further broaden the capability of its automation manufacturing solutions and continue to grow its FAS segment.

Despite higher revenue in 2Q2021 as compared to 2Q2020, this segment recorded a marginal increase in profit before taxation to RM3.8 million in 2Q2021 as compared to profit before taxation of RM3.7 million in 2Q2020 due to changes in product mix. For the 1H2021, this segment recorded a decrease in profit before taxation as compared to 1H2020 mainly due to lower profit margin arising from higher purchase price of certain components and higher shipment cost, an impact from the supply chain constraint and the effects of the pandemic.

**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 higher revenue at RM0.1 million in 2Q2021 and RM0.2 million in 1H2021 as there was a delay in project delivery due to lockdown in 2Q2020.

However, this segment recorded loss before taxation of RM0.7 million in 2Q2021 as compared to loss before taxation of RM0.3 million in 2Q2020 and loss before taxation of RM1.6 million in 1H2021 as compared to loss before taxation of RM0.6 million in 1H2020. The higher loss before taxation from the smart control solution system segment in both 2Q2021 and 1H2021 was mainly due to higher cost of amortisation of intangible assets.

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

	<b>3 Months Ended</b>	<b>3 Months Ended</b>	<b>Variance</b>
	<b>30/6/2021</b>	<b>31/3/2021</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	130,646	115,168	13.4
Operating profit	30,370	26,724	13.6
Profit before taxation	29,919	26,575	12.6
Profit and total comprehensive income for the period	28,704	25,855	11.0

For 2Q2021, the Group recorded a higher revenue at RM130.6 million as compared to the revenue of RM115.2 million for the 3 months ended 31 March 2021 (“1Q2021”), representing an increase of 13.4%. The higher revenue recorded in the current quarter under review was due to increase in sales from the ATE operating segment by 20.1%.

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

	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>30/6/2021</b>		<b>31/3/2021</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Electro-optical <sup>(1)</sup>	73,000	55.8	65,243	56.7
Semiconductor	23,896	18.3	19,161	16.6
Automotive	14,582	11.2	11,348	9.9
Medical Devices	11,471	8.8	2,932	2.5
Consumer and industrial products	7,602	5.8	16,375	14.2
Others	95	0.1	109	0.1
<b>Total</b>	<b>130,646</b>		<b>115,168</b>	

*Note:*

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

In line with the increase in the Group revenue in 2Q2021, the Group recorded a higher profit before taxation of RM29.9 million in 2Q2021 as compared to the profit before taxation of RM26.6 million in 1Q2021, representing an increase of 12.6%.

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Performance of the respective operating segments which includes inter-segment transactions in 2Q2021 as compared to 1Q2021 are analysed as follows:

**1) Automated test equipment**

In 2Q2021, revenue from the ATE segment increased by RM16.2 million to RM96.9 million as compared to the revenue of RM80.7 million achieved in 1Q2021. The increase was mainly due to higher project delivery from electro-optical segment given the continued recovery in the smartphone market with 5G capability.

In line with the higher revenue achieved, this segment recorded a higher profit before taxation of RM28.0 million in 2Q2021 as compared to RM25.7 million in 1Q2021, representing an increase of 8.9%. The increase in profit before taxation was in line with the increase in revenue.

**2) Factory automation solutions**

Revenue from this segment in 2Q2021 decreased marginally by RM0.2 million against revenue of RM35.5 million in 1Q2021 mainly due to timing of project delivery.

Despite lower revenue recorded in 2Q2021, this segment recorded an increase in profit before taxation by RM1.6 million mainly due to better changes in product mix.

**3) Smart control solution system**

The smart controls solution system segment recorded a similar quantum of revenue of RM0.1 million in both 2Q2021 and 1Q2021.

This segment recorded loss before taxation of RM0.7 million in 2Q2021 as compared to loss before taxation of RM0.9 million in 1Q2021 as a result of lower office administration costs.

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**16 Prospect**

As 2021 remains an observance year with the ongoing threat of the pandemic, the Group has been confronting all sorts of uncertainties and volatilities in the form of supply chain constraint and disruptive logistics arrangement. Amid the challenges, the Group continuously put in place the necessary safety measures, operating procedures and system infrastructure to embrace the volatilities and uncertainties in an orderly sustainable manner to minimize disruption to its business operation. As the roll-out of vaccination is gathering pace globally and in Malaysia, the Group anticipates a more stable and favourable operating environment for its timely delivery commitment of projects on hand.

Despite having to endure the severe social and economic challenges presented by the pandemic, the situation is not all doom and gloom. Through the pandemic, the Group witnessed the emergence of new ways of working in a business environment where there is an accelerated pace towards the greater adoption of digital transformation in our daily lives. Within this context and in an encouraging development, the Group saw the order intake momentum gathering pace since the beginning of the year and such momentum continues to prevail as it enters the second half of the year on the back of several catalysts driving both its ATE and FAS segment. At present, with the growing adoption of digital technologies, which encompasses AI, cloud computing, big data and the Internet of Things (“IoT”) which further compounded by the deepening application of 5G, optical sensing and electrification in the automotive industry, the Group is exposed to the rapid development of technological revolution and industrial transformation which enable the Group to seize the opportunities.

In general, the Group expects the demand level in its major markets in particular the electrooptical and automotive industry to improve. With the prevalence of optoelectronics and 3D sensing technology, further compounded by the pandemic situation, the Group’s core products and solutions that cater for a wide range of smart sensors will become increasingly important to its customers. Additionally, demand from the automotive market is expected to continue to be strong for the Group following the increasing wave of development of automotive electrification and various technology advancements changing the automotive landscape. Given the Group’s current exposure and product portfolio in the automotive industry encompassing a diverse area of the automotive test solution from front-end to back-end, the Group will be able to play a dominant role in this ecosystem. In respect of the Group’s exposure in the medical segment, the Group is making progress in the prototyping stage of single-use medical devices which involves the intravenous catheters and pen needle and the timeline for ISO13485 certification by 2021 remains on track.

In view of the perceptible momentum from local companies in China to localise their production amid the rising geopolitical tensions, coupled with China’s ambition to leapfrog to the upper echelons of technology and its initiative to funnel investment into integrated power module market, the Group’s recent establishment of a wholly foreign-owned enterprise in China, namely Pentamaster Technology (Jiangsu) Limited (“PT Jiangsu”) serves part of the Group’s Greater China expansion plans. The Group will leverage on its core competency and competitive advantage specifically in the electro-optical, automotive and medical segment to further capitalise on the demand for its customised test equipment in the region. Consequently, through PT Jiangsu, the Group hopes to reinforce its position in China and paves its way for more strategic opportunity.

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While macroeconomic uncertainties may linger, the Group will continue to focus on its business fundamentals and capitalise on its financial wherewithal to strengthen its product portfolio and position in the industry. Barring any drastic deterioration of the current market conditions, the Group anticipates a better performance in 2021 and specifically, the Group expects its revenue to set another new record for the year. On top of the Group’s focus on growing revenue, the Group strongly believes in attaining a sustainable business operation in terms of its profitability and prospect and such policy remains a top priority of the Group. On a longer-term basis, the Group looks forward to deepening and diversifying its presence in high-growth industry such as automotive, IoT, industrial electronics, optoelectronics and medical where the Group stands to benefit with its breadth of equipment and solution offerings

**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:

	<b>Current Quarter</b>	<b>Current Year to Date</b>
	<b>RM’000</b>	<b>RM’000</b>
Income tax payable	(1,215)	(1,936)
Income tax credit	-	-

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

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

On 25 April 2021, Pentamaster Technology (M) Sdn Bhd, a wholly-owned subsidiary of Pentamaster International Limited, which in turn is an indirect subsidiary of the Company, established a wholly foreign-owned enterprise, PT Jiangu, in the People’s Republic of China.

The principal activity of PT Jiangu involves the research and development, manufacturing and sales of automated testing equipment and automation solutions in the field of science and technology, as well as providing technical services, development, consulting and other businesses. The registered capital of PT Jiangu is US\$3,000,000 with its paid-up capital of not less than US\$450,000 to be paid by 30 June 2021 and the balance of the paid-up capital to be paid progressively with the development of PT Jiangu.

Save for the foregoing, there were no changes in the composition of the Group during the quarter under review.



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**20 Corporate Proposals**

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

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

**1) Share Award Scheme**

The utilisation of proceeds of RM29.5 million raised from the share award scheme, in conjunction with the Listing Exercise of PIL, as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation (RM'000)	Gross Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
Payment of staff salaries and benefits	4,500	4,500	4,500	Within one (1) year	-
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	20,000	2,048	Within five (5) years	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
<b>Total</b>	<b>29,500</b>	<b>29,500</b>	<b>11,548</b>		<b>17,952</b>

**2) Listing Exercise of PIL**

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

Purpose	Proposed Utilisation		Gross Proceeds Received <sup>(2)</sup> (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario <sup>(1)</sup> (RM'000)	Maximum Scenario <sup>(1)</sup> (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	-	Within five (5) years	32,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	25,012	Within five (5) years	3,636
Working capital	21,172	23,549	20,405	20,405	Within five (5) years	-
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,508	5,508	5,306	5,306	Within six (6) months	-
<b>Total</b>	<b>90,378</b>	<b>99,891</b>	<b>87,100</b>	<b>50,723</b>		<b>36,377</b>

Notes:

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

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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	-
Term loan	418
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	-
Term loan	2,354
<b>Total</b>	<b>2,772</b>

All borrowings are denominated in Ringgit Malaysia.

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

**23 Derivative Financial Instruments**

As at the date of the statement of financial position 30 June 2021, the Group has the following outstanding derivative financial instruments:

<b>Derivatives</b>	<b>Contract or Notional amount (RM'000)</b>	<b>Fair value Net gain/(loss) (RM'000)</b>	<b>Purpose</b>
Currency forward contracts: -Less than 1 year	167,390	(1,330)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 June 2021, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group’s risk management objectives, accounting policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

**24 Fair Value of Financial Liabilities**

For the quarter ended 30 June 2021, there is no fair value gain or loss on the financial liabilities. The carrying amounts of the financial liabilities as at date of the end of the statement of financial position date approximate to their fair value due to their short-term nature.

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**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 June 2021.

**27 Earnings Per Share**

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

	3 Months Ended 30/6/2021 RM'000	3 Months Ended 30/6/2020 RM'000	6 Months Ended 30/6/2021 RM'000	6 Months Ended 30/6/2020 RM'000
Profit and total comprehensive income attributable to owners of the Company	17,939	17,011	34,011	33,782
Weighted average number of ordinary shares	712,317,121	712,317,121	712,317,121	712,317,121
Earnings per share attributable to owners of the Company (sen)	2.52	2.39	4.77	4.74

BY ORDER OF THE BOARD

**LIM KIM TECK**  
**Secretary**  
**13 August 2021**