

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	30/9/2021 (Unaudited) RM'000	30/9/2020 (Unaudited) RM'000	30/9/2021 (Unaudited) RM'000	30/9/2020 (Unaudited) RM'000
Revenue	140,084	105,418	385,898	308,551
Cost of goods sold	(98,249)	(70,615)	(271,866)	(203,013)
Gross profit	<u>41,835</u>	<u>34,803</u>	<u>114,032</u>	<u>105,538</u>
Other income	7,468	6,129	16,152	11,811
Administrative expenses	(13,896)	(13,072)	(31,827)	(28,948)
Distribution costs	(3,746)	(2,011)	(9,488)	(5,833)
Other operating expenses	(53)	(61)	(167)	(101)
Operating profit	<u>31,608</u>	<u>25,788</u>	<u>88,702</u>	<u>82,467</u>
Finance costs	(23)	(36)	(70)	(111)
Share of results of an associate	(408)	(218)	(961)	(887)
Profit before taxation	<u>31,177</u>	<u>25,534</u>	<u>87,671</u>	<u>81,469</u>
Taxation	(944)	(739)	(2,880)	(4,104)
Profit for the period	<u><u>30,233</u></u>	<u><u>24,795</u></u>	<u><u>84,791</u></u>	<u><u>77,365</u></u>
Profit for the period attributable to :				
Owners of the Company	19,468	15,037	53,021	48,822
Non-controlling interests	10,765	9,758	31,770	28,543
	<u><u>30,233</u></u>	<u><u>24,795</u></u>	<u><u>84,791</u></u>	<u><u>77,365</u></u>
Earnings per share attributable to owners of the Company (sen) :				
- Basic and diluted	2.73	2.11	7.44	6.85

The unaudited condensed consolidated statement of profit or loss for the three months and nine 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 COMPREHENSIVE INCOME
 FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	30,233	24,795	84,791	77,365
Other comprehensive income :				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations, net of tax	31	-	31	-
Total comprehensive income for the period	<u>30,264</u>	<u>24,795</u>	<u>84,822</u>	<u>77,365</u>
Total comprehensive income attributable to:				
Owners of the Parent	19,499	15,037	53,052	48,822
Non-controlling interests	10,765	9,758	31,770	28,543
	<u>30,264</u>	<u>24,795</u>	<u>84,822</u>	<u>77,365</u>

The unaudited condensed consolidated statement of comprehensive income for the three months and nine months ended 30 September 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 FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2021**

	Unaudited As at 30/9/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,260	121,782
Investment properties	19,592	19,668
Goodwill	4,495	4,495
Intangible assets	40,925	40,711
Investment in an associate	21,557	7,583
Other receivables, deposits and prepayments	10,478	10,609
	<u>221,307</u>	<u>204,848</u>
Current assets		
Inventories	62,286	33,836
Trade receivables	179,850	141,628
Other receivables, deposits and prepayments	15,982	10,228
Derivative financial assets	-	3,336
Other investments	267	676
Tax recoverable	673	1,228
Cash and cash equivalents	466,271	437,321
	<u>725,329</u>	<u>628,253</u>
TOTAL ASSETS	<u><u>946,636</u></u>	<u><u>833,101</u></u>
EQUITY AND LIABILITIES		
Share capital	79,303	79,303
Reserves	469,759	429,123
	<u>549,062</u>	<u>508,426</u>
Non-controlling interests	<u>220,952</u>	<u>196,878</u>
Total Equity	<u><u>770,014</u></u>	<u><u>705,304</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	2,247	2,565
Deferred income	-	1,746
Deferred tax liabilities	4,434	4,837
	<u>6,681</u>	<u>9,148</u>
Current liabilities		
Trade payables	83,323	64,133
Other payables, accruals and provision	37,751	37,890
Contract liabilities	45,258	15,471
Derivative financial liabilities	998	-
Deferred income	13	-
Borrowings	422	411
Provision for taxation	2,176	744
	<u>169,941</u>	<u>118,649</u>
Total Liabilities	<u><u>176,622</u></u>	<u><u>127,797</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>946,636</u></u>	<u><u>833,101</u></u>

The unaudited condensed consolidated statement of financial position as at 30 September 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 NINE MONTHS ENDED 30 SEPTEMBER 2021

	Equity attributable to owners of the Company							Total equity
	Share capital	Shares held for share award scheme	Share award reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2021 (Audited)	79,303	(5,849)	-	-	434,972	508,426	196,878	705,304
Profit for the period	-	-	-	-	53,021	53,021	31,770	84,791
Exchange differences on translation of foreign operations	-	-	-	31	-	31	-	31
Total comprehensive income for the period	-	-	-	31	53,021	53,052	31,770	84,822
<i>Transactions with owners:</i>								
Dividend paid	-	-	-	-	(10,685)	(10,685)	-	(10,685)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(6,274)	(6,274)
Effect of changes in shareholding	-	-	-	-	(3,441)	(3,441)	(1,422)	(4,863)
Purchase of shares held for share award scheme	-	(1,621)	-	-	-	(1,621)	-	(1,621)
Equity-settled share award scheme arrangement	-	-	3,331	-	-	3,331	-	3,331
Vesting of shares of share award scheme	-	3,781	(3,331)	-	(450)	-	-	-
Total transactions with owners	-	2,160	-	-	(14,576)	(12,416)	(7,696)	(20,112)
As at 30 September 2021 (Unaudited)	79,303	(3,689)	-	31	473,417	549,062	220,952	770,014

	Equity attributable to owners of the Company							Total equity
	Share capital	Shares held for share award scheme	Share award reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	
	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	-	-	-	-	48,822	48,822	28,543	77,365
<i>Transactions with owners:</i>								
Effect of changes in shareholding	-	-	-	-	12,823	12,823	2,101	14,924
Dividend paid	-	-	-	-	(7,124)	(7,124)	-	(7,124)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(4,793)	(4,793)
Purchase of shares held for share award scheme	-	(2,900)	-	-	-	(2,900)	-	(2,900)
As at 30 September 2020 (Unaudited)	79,303	(2,900)	-	-	411,819	488,222	185,136	673,358

The unaudited condensed consolidated statement of changes in equity for the nine months ended 30 September 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 NINE MONTHS ENDED 30 SEPTEMBER 2021

	9 Months ended 30/9/2021 (Unaudited) RM'000	9 Months ended 30/9/2020 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	87,671	81,469
Adjustments for:		
Amortisation of intangible assets	3,824	2,005
Deferred income released	(1,733)	(245)
Depreciation	3,097	3,329
Loss / (gain) on disposal of property, plant and equipment	1,667	(3)
Expected credit loss on receivables	(281)	5,022
Bad debts written off	-	2
Interest expense	70	111
Interest income	(5,039)	(6,973)
Loss / (gain) from changes in fair value of foreign currency forward contracts	4,334	(54)
Gain on disposal of other investments	(78)	-
Property, plant & equipment written off	-	221
Loss from changes in fair value of other investments	32	-
Inventory written downs - addition	276	256
Inventory written downs - reversal	(344)	(1,646)
Share of results of an associate	961	887
Equity-settled share award scheme expense	3,331	-
Unrealised gain on foreign exchange	(395)	(2,733)
Operating profit before working capital changes	<u>97,393</u>	<u>81,648</u>
(Increase) / decrease in inventories	(28,382)	29,429
Increase in receivables	(38,730)	(52,609)
Increase in payables	18,852	12,047
Increase / (decrease) in contract liabilities	29,787	(36,238)
Cash generated from operations	<u>78,920</u>	<u>34,277</u>
Interest paid	(70)	(111)
Tax paid	(2,174)	(3,586)
Tax refund	878	127
Net cash generated from operating activities	<u>77,554</u>	<u>30,707</u>
Cash flows from investing activities		
Interest received	5,039	6,973
Investment in additional equity interest in a subsidiary	(4,863)	(6,479)
Purchase of property, plant and equipment	(7,864)	(5,959)
Purchase of intangible assets	(4,059)	(21,231)
Proceed from disposal of property, plant and equipment	720	30
Acquisition of other investments	(529)	-
Proceeds from disposal of other investments	989	-
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>(25,501)</u>	<u>(28,366)</u>

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QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	9 Months ended 30/9/2021 (Unaudited) RM'000	9 Months ended 30/9/2020 (Unaudited) RM'000
Cash flows from financing activities		
Repayment of term loan	(307)	(267)
Dividend paid	(10,685)	(7,124)
Dividend paid to non-controlling interest of a subsidiary	(6,274)	(4,793)
Proceeds from disposal of shares from non-controlling interest of a subsidiary	-	21,403
Purchase of shares for share award scheme	(1,621)	(2,900)
Net cash used in financing activities	<u>(18,887)</u>	<u>6,319</u>
Net increase in cash and cash equivalents	33,166	8,660
Effect of foreign exchange rate changes	(4,216)	1,625
Cash and cash equivalents at the beginning of the period	<u>437,321</u>	<u>423,251</u>
Cash and cash equivalents at the end of the period	<u><u>466,271</u></u>	<u><u>433,536</u></u>

The unaudited condensed consolidated statement of cash flows for the nine months ended 30 September 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 September 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 September 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*¹
Amendments to MFRS 3 *Reference to the Conceptual Framework*²
Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*²
Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*²
Amendments to MFRSs *Annual Improvements to MFRS Standards 2018–2020*²
MFRS 17 *Insurance Contracts and related amendments*³
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*³
Amendments to MFRS 101 *Disclosure of Accounting Policies*³
Amendments to MFRS 108 *Definition of Accounting Estimates*³
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a single transaction*³
Amendments to MFRS 4 *Insurance Contracts-Extension of the Temporary Exemption from applying MFRS*³
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*⁴

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

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

2 Audit Report of Preceding Annual Financial Statements

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

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

9 Capital Commitments

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	7,703
Authorised but not contracted for - Property, plant and equipment	6,200

10 Related Party Transaction

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

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

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

PENTAMASTER CORPORATION BERHAD (572307-U)

(“PCB” or “Company”)

Notes To The Interim Financial Report For Period ended 30 September 2021

Results for the period ended 30 September 2020

	Automated test equipment	Factory automation solutions	Smart control solutions system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	194,369	114,009	173		308,551
Inter-segment revenue	8,961	1,996	5	(10,962)	-
Total revenue	203,330	116,005	178		308,551
Results					
Segment results	62,569	18,189	(2,339)	(2,925)	75,494
Interest income	4,624	159	1	2,189	6,973
Interest expense	(111)	-	-		(111)
Share of results of an associate	-	-	-	(887)	(887)
Profit/(loss) before taxation	67,082	18,348	(2,338)		81,469
Taxation	(4,064)	(40)	-		(4,104)
Profit/(loss) after taxation	63,018	18,308	(2,338)		77,365

12 Profit Before Taxation

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(2,243)	(6,921)
Amortisation of deferred income	13	1,733
Gain/(loss) on foreign exchange:		
-realised	5,190	8,041
-unrealised	(5,109)	395
Gain/(loss) from changes in fair value of foreign currency forward contracts	332	(4,334)
Gain on disposal of other investments	39	78
Interest income	1,815	5,039
Interest expense	(23)	(70)
Loss from changes in fair value of other investments	(5)	(32)
Loss on disposal of property, plant and equipment	-	(1,667)
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Investment income	-	-
Inventory written off	-	-
Inventory written downs-addition	(81)	(276)
Inventory written downs-reversal	159	344
Expected credit loss on receivables	497	281
Bad debt written off	-	-

PENTAMASTER CORPORATION BERHAD (572307-U)
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Notes To The Interim Financial Report For Period ended 30 September 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		
	30/9/2021	30/9/2020	Variance	30/9/2021	30/9/2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	140,084	105,418	32.9	385,898	308,551	25.1
Operating profit	31,608	25,788	22.6	88,702	82,467	7.6
Profit before taxation	31,177	25,534	22.1	87,671	81,469	7.6
Profit for the period	30,233	24,795	21.9	84,791	77,365	9.6

The Group recorded the highest ever quarterly revenue of RM140.1 million in the 3-month ended 30 September 2021 (“3Q2021”) as compared to RM105.4 million registered in the 3-month ended 30 September 2020 (“3Q2020”), representing an increase of 32.9%. For the first nine months financial period ended (“9-month FPE”) 30 September 2021, the Group recorded a higher revenue of RM385.9 million as compared to RM308.6 million in the 9-month FPE 30 September 2020, representing an increase of 25.1%. The increase in revenue in 3Q2021 and 9-month FPE 2021 was mainly contributed by both the ATE and FAS segments, with each constituting approximately 66.3% and 33.7% 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				Cumulative Financial Period Ended			
	30/9/2021		30/9/2020		30/9/2021		30/9/2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ATE	93,768	66.3	64,880	57.0	271,413	69.6	203,330	63.6
FAS	47,714	33.7	48,852	42.9	118,467	30.4	116,005	36.3
Smart control solution system	41	n.m.	104	0.1	283	n.m.	178	0.1

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

	Individual Quarter 3 Months Ended				Cumulative Financial Period Ended			
	30/9/2021		30/9/2020		30/9/2021		30/9/2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Electro-Optical	46,103	32.9	31,168	29.6	184,346	47.8	121,035	39.2
Automotive	40,249	28.7	26,661	25.3	66,179	17.1	54,615	17.7
Consumer and industrial products	30,500	21.8	24,052	22.8	54,477	14.1	53,098	17.2
Semiconductor	16,388	11.7	11,591	11.0	59,445	15.4	42,860	13.9
Medical devices	6,844	4.9	11,842	11.2	21,247	5.5	36,770	11.9
Others	-	-	104	0.1	204	0.1	173	0.1
Total	140,084		105,418		385,898		308,551	

In line with the increase in revenue, the Group recorded a higher profit before taxation of RM31.2 million in the current quarter as compared to the profit before taxation of RM25.5 million in 3Q2020, representing an increase of 22.1%.

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Notes To The Interim Financial Report For Period ended 30 September 2021

Performance of the respective operating segments which includes inter-segment transactions for the current quarter as compared to the previous corresponding quarter is analysed as follows:

1) Automated test equipment

The ATE segment continued to contribute the larger portion of revenue and profit to the Group’s results for 3Q2021 and 9-month FPE 30 September 2021 at a revenue contribution rate of 66.3% and 69.6%. This segment recorded an increase in revenue by RM28.9 million to RM93.8 in Q32021 and RM68.1 million to RM271.4 million for the 9-month FPE 30 September 2021 as compared to the 9-month FPE 30 September 2020. The ATE segment, with its contribution rate of 69.6% to the Group’s revenue, was predominantly contributed by the electro-optical segment and the automotive segment. While the electro-optical segment continued to show recovery since fourth quarter of 2020, the automotive segment has gained its revenue momentum in the current quarter mainly through the delivery of its test handling equipment for IPM (integrated power module), thereby closing the automotive segment’s revenue during the 3Q2021 higher as compared to the same period last year. The Group continues to see upturn in momentum from the automotive segment given the strong growth in automotive electrification and the Group’s timely involvement in anchoring its position in this segment as well as geographically across key automotive markets in North Asia region and European market. In general, the global technology “super cycle” momentum will continue to provide a growth platform for the Group’s ATE in the immediate term and against the backdrop of such opportunity and supply chain headwinds, the Group continues to leverage on its research and development capabilities to methodically expand its product portfolio and offerings.

This segment recorded a marginal increase in profit before taxation to RM22.2 million in 3Q2021 and RM75.9 million in 9-month FPE 2021 as compared to profit before taxation of RM19.8 million in 3Q2020 and RM67.1 million in 9-month FPE 2020, representing an increase of RM2.2 million or 12.1% in 3Q2021 and RM8.9 million or 13.2% in 9-month FPE 2021. The increase in profit before taxation was in line with the increase in revenue and offset by lower margin product mix. During the period, the Group undertook a higher quantum of prototype projects for proof of concept and lower margin product mix. The profit margin was also affected by the higher component price of certain material and an escalating shipment cost, an impact witnessed by the Group since early part of the year.

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2) Factory automation solutions

In 3Q2021, revenue from the FAS segment decreased by approximately 2.3% to RM47.7 million as compared to RM48.9 million in 3Q2020. However, for the 9-month FPE 2021, the Group recorded a higher revenue from the FAS segment by approximately 2.2% to RM118.5 million as compared to RM116.0 million recorded in the corresponding period last year. After marking double digit growth in 2020, the growth in the FAS segment for the 9-month FPE 2021 was returned to its normal state given the current capacity and its project on hand which require longer project lead time coupled with the supply chain disruptions. However, it was notable to witness a wider customer base achieved within this segment during the period, in addition to a broader project portfolio under the application of the Group’s proprietary i-ARMS (intelligent Automated Robotic Manufacturing System) solutions especially from the consumer and industrial products segment and electro-optical segment.

Despite lower revenue in 3Q2021 as compared to 3Q2020, this segment recorded an increase in profit before taxation to RM11.4 million in 3Q2021 as compared to profit before taxation of RM9.7 million in 3Q2020 due to favourable changes in product mix. For the 9-month FPE 2021, this segment recorded a decrease in profit before taxation as compared to 9-month FPE 2020 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 decrease in revenue in 3Q2021 as the smart control solution system segment faced a delay in project delivery in 3Q2021.

However, this segment recorded a lower loss before taxation of RM0.8 million in 3Q2021 as compared to loss before taxation of RM1.7 million in 3Q2020, representing better cost management by RM0.9 million, and loss before taxation of RM2.4 million in 9-month FPE 2021 as compared to loss before taxation of RM2.3 million in 9-month FPE 2020.

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	3 Months Ended 30/9/2021	3 Months Ended 30/6/2021	Variance
	RM'000	RM'000	%
Revenue	140,084	130,646	7.2
Operating profit	31,608	30,370	4.1
Profit before taxation	31,177	29,919	4.2
Profit for the period	30,233	28,704	5.3

For 3Q2021, the Group recorded a higher revenue at RM140.1 million as compared to the revenue of RM130.6 million for the 3 months ended 30 June 2021 (“2Q2021”), representing an increase of 7.2%. The higher revenue recorded in the current quarter under review was due to increase in sales from the FAS operating segment by 35.1%.

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

	3 Months Ended 30/9/2021		3 Months Ended 30/6/2021	
	RM'000	%	RM'000	%
Electro-optical	46,103	32.9	73,000	55.8
Automotive	40,249	28.7	14,582	11.2
Consumer and industrial products	30,500	21.8	7,602	5.8
Semiconductor	16,388	11.7	23,896	18.3
Medical Devices	6,844	4.9	11,471	8.8
Others	-	-	95	0.1
Total	140,084		130,646	

In line with the increase in the Group revenue in 3Q2021, the Group recorded a higher profit before taxation of RM31.2 million in 3Q2021 as compared to the profit before taxation of RM29.9 million in 2Q2021, representing an increase of 4.2%.

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Performance of the respective operating segments which includes inter-segment transactions in 3Q2021 as compared to 2Q2021 are analysed as follows:

1) Automated test equipment

In 3Q2021, revenue from the ATE segment decreased by RM3.1 million to RM93.8 million as compared to the revenue of RM96.9 million achieved in 2Q2021. The decrease was mainly due to lower project delivery from electro-optical segment.

In line with the lower revenue achieved, this segment recorded a lower profit before taxation of RM22.2 million in 3Q2021 as compared to RM28.0 million in 2Q2021, representing a decrease of 20.7%. The decrease in profit before taxation was a result of the decrease in revenue.

2) Factory automation solutions

Revenue from this segment in 3Q2021 increased by RM12.4 million to RM47.7 million against revenue of RM35.3 million in 2Q2021. The FAS segment marked a growth of approximately 35.2% as the Group continues to witness the rapid shift of various industries towards smart manufacturing and the adoption of automation technology, more so with the effect of COVID-19 pandemic where many companies are keen to accelerate the pace of automation for better operational efficiency and digitalisation.

In line with higher revenue recorded in 3Q2021, this segment recorded an increase in profit before taxation by RM7.6 million to RM11.4 million mainly due to higher gross profit margin as a result of better changes in product mix.

3) Smart control solution system

The smart controls solution system segment recorded lower revenue in 3Q2021 as compared to 2Q2021. As a result of lower revenue, the smart control solution system segment recorded slightly higher loss before taxation of RM0.8 million in 3Q2021.

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16 Prospect

On the back of a healthy order book which is fueled by a robust market sentiment in the current “super cycle”, the Group expects to end its financial year 2021 commendably with yearly revenue record achievement. As the Government of Malaysia and global economies lifting the various level of restrictions related to the COVID-19 pandemic and with the impending opening up of more cross border travelling, the Group anticipates a smoother progress in its project site installation and deployment at its customer’s premise, which is an important milestone for revenue recognition to take place.

The widely-reported semiconductor shortage and supply chain constraints remained a pertinent concern to the global technology market. Towards this end, it is imperative for the Group to adjust its inventory management strategies as well as project lead time planning with its customers in order to effectively manage the challenging situation. As it is, the Group has been experiencing order intake momentum where customers across the industry segments are gradually preparing for higher levels of inventory to ensure supply security.

Looking ahead, whilst still maintaining a cautious and observance stance, the Group anticipates a more stable and favourable operating environment as global economies are slowly opening up with the pick-up in vaccination rate. The structural shift towards a greener Earth coupled with the proliferation of artificial intelligence and Internet of Things have accelerated the massive digital transformation across key industries such as the electro-optical, automotive, and semiconductor segment. The Group as a customised solution provider with many years of experience in this level playing field, believes it is well positioned to leverage and capture the growth from these industry megatrends where such trends will continue to sustain the Group’s businesses on a long-term basis. The Group’s continuous focus on its 3-pillar business strategies of diversification across geographical region, business segments as well as product portfolio remains key in attaining a profitable and sustainable business operation. As it is, the Group has outlined key capital expenditure in funnelling its investment in anchoring its exposure to the rapid development in technological revolution and industrial transformation to enable the Group to seize its long-term business prospects.

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	(944)	(2,880)
Income tax credit	-	-

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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 1 September 2021, Pentamaster Technology (M) Sdn. Bhd. (“PTSB”), a wholly-owned subsidiary of Pentamaster International Limited (“PIL”), which in turn is a subsidiary of the Company, had established a wholly foreign-owned limited liability company in Japan, namely Pentamaster Automation Japan Godo Kaisha, which shall be expressed in English as Pentamaster Automation (Japan) Co., Ltd. (“PAJ”) (the “Establishment”). The principal activity of PAJ involves design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services.

In addition, on 22 September 2021, the Company has incorporated a new wholly-owned subsidiary, Pentamaster InnoTeq Sdn. Bhd. (“PISB”). The principal activity of PISB is technology and solution investment and to provide testing solution services. The incorporation of PISB is to expand PCB Group’s businesses through investment and acquisition into technology solutions and business applications that are synergistic to the Group.

During the quarter under review, the Company had acquired and disposed the ordinary shares of its subsidiary company, PIL, as follows:

Date	Number of Shares Acquired / (Disposed)	Average Price (HKD)	% of Issued Voting Shares Held After Acquisition / Disposal
17/8/2021	4,000,000	0.9909	63.26
18/8/2021	1,280,000	1.0058	63.32
19/8/2021	1,396,000	1.0179	63.37
20/8/2021	1,002,000	1.0140	63.42
25/8/2021	870,000	1.0143	63.45
2/9/2021	22,000	1.0100	63.45
6/9/2021	124,000	1.0200	63.46

(Source: The Hong Kong Exchanges and Clearing Limited - Disclosure of Interest Online System (DION))

The ordinary shares of PIL is traded on the Main Board of The Stock Exchange of Hong Kong Limited.

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

20 Corporate Proposals

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

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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	2,048	Within five (5) years	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
Total	29,500	29,500	11,548		17,952

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 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	-
Total	90,378	99,891	87,100	50,723		36,377

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	422
<u>Long term borrowings (secured)</u>	
Finance lease liabilities	-
Term loan	2,247
Total	2,669

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 September 2021, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM'000)	Fair value Net gain/(loss) (RM'000)	Purpose
Currency forward contracts: -Less than 1 year	136,918	(998)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 30 September 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 September 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 September 2021.

27 Earnings Per Share

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

	3 Months Ended 30/9/2021 RM'000	3 Months Ended 30/9/2020 RM'000	9 Months Ended 30/9/2021 RM'000	9 Months Ended 30/9/2020 RM'000
Profit attributable to owners of the Company	19,468	15,037	53,021	48,822
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)	2.73	2.11	7.44	6.85

BY ORDER OF THE BOARD

LIM KIM TECK
Secretary
29 October 2021