

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Revenue	147,659	122,491	600,587	508,389
Cost of goods sold	(102,926)	(83,919)	(417,368)	(355,785)
Gross profit	<u>44,733</u>	<u>38,572</u>	<u>183,219</u>	<u>152,604</u>
Other income	20,301	5,541	13,954	19,195
Distribution costs	(2,177)	(1,135)	(9,966)	(10,623)
Administrative expenses	(29,630)	(9,085)	(57,863)	(41,097)
Net reversal of/(provision for) expected credit loss ("ECL") allowance on trade receivables	4,492	(1,482)	4,798	1,201
Other operating expenses	4	(69)	(336)	(236)
Operating profit	<u>37,723</u>	<u>32,342</u>	<u>133,806</u>	<u>121,044</u>
Finance costs	(27)	(22)	(87)	(92)
Share of loss of associates	(771)	(524)	(1,636)	(1,485)
Profit before taxation	<u>36,925</u>	<u>31,796</u>	<u>132,083</u>	<u>119,467</u>
Taxation	(980)	(950)	(1,544)	(3,830)
Profit for the financial period/year	<u>35,945</u>	<u>30,846</u>	<u>130,539</u>	<u>115,637</u>
Total other comprehensive income, net of tax: Item that will be reclassified subsequently to profit or loss				
Foreign currency translation of foreign operations	(81)	25	(136)	56
Total comprehensive income for the financial period/year	<u>35,864</u>	<u>30,871</u>	<u>130,403</u>	<u>115,693</u>
Profit for the financial period/year, attributable to:				
Owners of the Company	22,743	19,890	82,418	72,911
Non-controlling interests	13,202	10,956	48,121	42,726
	<u>35,945</u>	<u>30,846</u>	<u>130,539</u>	<u>115,637</u>
Total comprehensive income for the financial period/year, attributable to:				
Owners of the Company	22,691	19,906	82,331	72,947
Non-controlling interests	13,173	10,965	48,072	42,746
	<u>35,864</u>	<u>30,871</u>	<u>130,403</u>	<u>115,693</u>
Earnings per share attributable to owners of the Company (Sen):				
- Basic/Diluted	3.20	2.79	11.58	10.24

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Unaudited As at 31/12/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	170,009	135,232
Investment properties	22,805	19,467
Goodwill	4,495	4,495
Intangible assets	40,682	41,475
Investment in associates	20,070	21,706
Other investments	6,117	-
Other receivables, deposits and prepayments	-	28,225
Deferred tax assets	-	221
	<u>264,178</u>	<u>250,821</u>
Current assets		
Inventories	170,934	72,006
Trade receivables	237,926	165,312
Other receivables, deposits and prepayments	60,407	16,065
Derivative financial assets	489	1,246
Other investments	219	374
Tax recoverable	2,791	449
Cash and cash equivalents	421,225	478,241
	<u>893,991</u>	<u>733,693</u>
TOTAL ASSETS	<u><u>1,158,169</u></u>	<u><u>984,514</u></u>
EQUITY AND LIABILITIES		
Share capital	79,303	79,303
Reserves	547,484	486,452
	<u>626,787</u>	<u>565,755</u>
Non-controlling interests	<u>265,953</u>	<u>229,864</u>
Total Equity	<u>892,740</u>	<u>795,619</u>
LIABILITIES		
Non-current liabilities		
Borrowings	-	2,140
Deferred tax liabilities	3,762	4,299
	<u>3,762</u>	<u>6,439</u>
Current liabilities		
Trade payables	121,528	77,560
Other payables, accruals and provision	31,799	39,375
Contract liabilities	100,581	64,152
Borrowings	-	425
Derivative financial liabilities	6,847	-
Tax payable	912	944
	<u>261,667</u>	<u>182,456</u>
Total Liabilities	<u>265,429</u>	<u>188,895</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,158,169</u></u>	<u><u>984,514</u></u>

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

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

COMPANY NO.: 200201004644 (572307-U)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Attributable to Owners of the Company								
	Non-distributable					Distributable			
	Share Capital	Treasury Shares	Shares held for Employee Share Scheme (ESS)	ESS Reserve	Foreign Currency Translation Reserve	Retained Profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022 (Audited)	79,303	-	(4,269)	2,266	36	488,419	565,755	229,864	795,619
Profit for the financial year	-	-	-	-	-	82,418	82,418	48,121	130,539
Other comprehensive income for the financial year	-	-	-	-	(87)	-	(87)	(49)	(136)
Total comprehensive income for the financial year	-	-	-	-	(87)	82,418	82,331	48,072	130,403
<i>Transactions with owners:</i>									
Dividend paid	-	-	-	-	-	(14,227)	(14,227)	-	(14,227)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(9,712)	(9,712)
Effect of changes in shareholding	-	-	-	-	-	2,271	2,271	(2,271)	-
Equity settled ESS expenses	-	-	-	7,574	-	-	7,574	-	7,574
ESS vested	-	-	6,656	(6,134)	-	(522)	-	-	-
Purchase of shares held for ESS	-	-	(13,865)	-	-	-	(13,865)	-	(13,865)
Purchase of treasury shares	-	(3,052)	-	-	-	-	(3,052)	-	(3,052)
Total transactions with owners of the Company	-	(3,052)	(7,209)	1,440	-	(12,478)	(21,299)	(11,983)	(33,282)
As at 31 December 2022 (Unaudited)	79,303	(3,052)	(11,478)	3,706	(51)	558,359	626,787	265,953	892,740
	Attributable to Owners of the Company								
	Non-distributable					Distributable			
	Share Capital	Treasury Shares	Shares held for Employee Share Scheme (ESS)	ESS Reserve	Foreign Currency Translation Reserve	Retained Profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2021 (Audited)	79,303	-	(5,849)	-	-	434,972	508,426	196,878	705,304
Profit for the financial year	-	-	-	-	-	72,911	72,911	42,726	115,637
Other comprehensive income for the financial year	-	-	-	-	36	-	36	20	56
Total comprehensive income for the financial year	-	-	-	-	36	72,911	72,947	42,746	115,693
<i>Transactions with owners:</i>									
Dividend paid	-	-	-	-	-	(10,685)	(10,685)	-	(10,685)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(6,273)	(6,273)
Effect of changes in shareholding	-	-	-	-	-	(8,329)	(8,329)	(3,487)	(11,816)
Equity settled ESS expenses	-	-	-	5,597	-	-	5,597	-	5,597
ESS vested	-	-	3,781	(3,331)	-	(450)	-	-	-
Purchase of shares held for ESS	-	-	(2,201)	-	-	-	(2,201)	-	(2,201)
Total transactions with owners of the Company	-	-	1,580	2,266	-	(19,464)	(15,618)	(9,760)	(25,378)
As at 31 December 2021 (Audited)	79,303	-	(4,269)	2,266	36	488,419	565,755	229,864	795,619

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

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")**COMPANY NO.: 200201004644 (572307-U)****QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	12 Months ended 31/12/2022 (Unaudited) RM'000	12 Months ended 31/12/2021 (Audited) RM'000
Cash flows from operating activities		
Profit before taxation	132,083	119,467
Adjustments for:		
Amortisation of intangible assets	4,919	5,095
Deferred income released	-	(1,746)
Depreciation	5,762	4,200
(Gain)/Loss on disposal of property, plant and equipment	(58)	1,667
ECL allowance on trade receivables	1,910	2,025
Reversal of ECL allowance on trade receivables	(6,708)	(3,226)
Bad debts written off	-	383
Waiver of other payable	(4,780)	-
Interest expense	87	92
Interest income	(7,524)	(6,834)
Loss from changes in fair value of foreign currency forward contracts	7,604	2,090
Gain on disposal of interest in an associate	-	(641)
Gain on disposal of other investments	(15)	(101)
Property, plant & equipment written off	-	1
Loss/(Gain) from changes in fair value of other investments	16	(22)
Inventory written down - addition	245	362
Inventory written down - reversal	(102)	(344)
Provision of warranty - current year	1,515	1,256
Provision of warranty - reversal	(1,256)	(647)
Share of loss of associates	1,636	1,485
ESS expenses	7,574	5,597
Unrealised loss/(gain) on foreign exchange	904	(4,350)
Operating profit before working capital changes	<u>143,812</u>	<u>125,809</u>
Increase in inventories	(99,071)	(38,188)
Increase in receivables	(87,007)	(24,830)
Increase in payables	41,976	14,513
Increase in contract liabilities	36,429	48,681
Cash generated from operations	<u>36,139</u>	<u>125,985</u>
Interest paid	(87)	(92)
Tax paid	(4,486)	(4,492)
Tax refunded	246	881
Net cash generated from operating activities	<u>31,812</u>	<u>122,282</u>
Cash flows from investing activities		
Acquisition of other investments	(6,244)	(741)
Acquisition of interest of non-controlling interest in a subsidiary	-	(11,816)
Interest received	7,524	6,834
Investment in an associate	-	(33)
Investment in redeemable convertible preference shares of an associate	-	(15,000)
Proceeds from disposal of other investments	292	1,166
Proceeds from disposal of sale of associate	-	66
Proceeds from disposal of property, plant and equipment	58	-
Purchase of intangible assets	(4,126)	(5,859)
Purchase of investment property	(3,582)	-
Purchase of property, plant and equipment	(40,611)	(37,587)
Net cash used in investing activities	<u>(46,689)</u>	<u>(62,970)</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	12 Months ended 31/12/2022 (Unaudited) RM'000	12 Months ended 31/12/2021 (Audited) RM'000
Cash flows from financing activities		
Repayment of term loan	(2,565)	(411)
Dividend paid	(14,227)	(10,685)
Dividend paid to non-controlling interest of a subsidiary	(9,712)	(6,274)
Purchase of shares in a subsidiary for ESS	(13,865)	(2,201)
Purchase of treasury shares	(3,052)	-
Net cash used in financing activities	<u>(43,421)</u>	<u>(19,571)</u>
Net (decrease)/increase in cash and cash equivalents	(58,298)	39,741
Effect of foreign exchange rate changes	1,282	1,179
Cash and cash equivalents at beginning	<u>478,241</u>	<u>437,321</u>
Cash and cash equivalents at end	<u><u>421,225</u></u>	<u><u>478,241</u></u>

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

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

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative financial period in the current quarter to 31 December 2022 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2021.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2021, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual period beginning on or after 1 January 2022:

Amendment to MFRS 16 *Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021*
Amendments to MFRS 3 *Business Combinations: Reference to the Conceptual Framework*
Amendments to MFRS 116 *Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use*
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group.

As at the date of this announcement, the Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective: -

MFRS 17 *Insurance Contracts*¹
Amendments to MFRS 4 *Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9 Financial Instruments*¹
Amendments to MFRS 17 *Insurance Contracts*¹
Amendments to MFRS 17 *Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information*¹
Amendments to MFRS 10 *Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*³
Amendments to MFRS 16 *Leases: Lease Liability in a Sale and Leaseback*²
Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*¹
Amendments to MFRS 101 *Presentation of Financial Statements: Disclosure of Accounting Policies*¹
Amendments to MFRS 101 *Presentation of Financial Statements: Non-current Liabilities with Covenants*²
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*¹
Amendments to MFRS 112 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

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

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

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the year ended 31 December 2021 was not subject to any qualification.

3 Seasonal and Cyclical Factors

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

4 Unusual Items

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

5 Changes in Estimates

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

6 Valuations of Property, Plant and Equipment

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

7 Changes in Share Capital and Debt

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

8 Contingent Liabilities

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

9 Capital Commitments

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	53,974
Authorised but not contracted for - Property, plant and equipment	135,923

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 Related Party Transactions

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

11 Segmental Information

The Group has three operating segments which are involved in different activities and are managed by segment managers who report directly to the Group’s executive directors. The operating 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 factory automation solutions; |
| (iii) Smart control solution system: | Project management, smart building solutions and trading of materials. |

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

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

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Results for the financial year ended 31 December 2022

	Automated test equipment	Factory automation solutions	Smart control solution system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	420,716	179,871	-		600,587
Inter-segment revenue	83,471	5,068	450	(88,989)	-
Total revenue	<u>504,187</u>	<u>184,939</u>	<u>450</u>		<u>600,587</u>
Results					
Segment results	96,832	48,926	(3,177)	(16,299)	126,282
Interest income	4,787	416	13	2,308	7,524
Interest expense	(87)	-	-		(87)
Share of results of associates	-	-	-	(1,636)	(1,636)
Profit/(Loss) before taxation	<u>101,532</u>	<u>49,342</u>	<u>(3,164)</u>		<u>132,083</u>
Taxation	(1,894)	(100)	(85)	535	(1,544)
Profit/(Loss) after taxation	<u>99,638</u>	<u>49,242</u>	<u>(3,249)</u>		<u>130,539</u>

Results for the financial year ended 31 December 2021

	Automated test equipment	Factory automation solutions	Smart control solution system	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	356,327	151,759	303		508,389
Inter-segment revenue	2,060	3,542	114	(5,716)	-
Total revenue	<u>358,387</u>	<u>155,301</u>	<u>417</u>		<u>508,389</u>
Results					
Segment results	95,459	25,826	(1,781)	(5,294)	114,210
Interest income	4,266	197	-	2,371	6,834
Interest expense	(92)	-	-		(92)
Share of results of associates	-	-	-	(1,485)	(1,485)
Profit/(Loss) before taxation	<u>99,633</u>	<u>26,023</u>	<u>(1,781)</u>		<u>119,467</u>
Taxation	(4,331)	(37)	-	538	(3,830)
Profit/(Loss) after taxation	<u>95,302</u>	<u>25,986</u>	<u>(1,781)</u>		<u>115,637</u>

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

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 Profit Before Taxation

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(3,076)	(10,681)
Gain/(Loss) on foreign exchange:		
- realised	561	240
- unrealised	(12,177)	(904)
Gain/(Loss) from changes in fair value of foreign currency forward contracts	12,703	(7,604)
Gain on disposal of other investments	-	15
Interest income	2,839	7,524
Interest expense	(27)	(87)
Loss from changes in fair value of other investments	(3)	(16)
Gain on disposal of property, plant and equipment	-	58
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Investment income	-	-
Inventory written down - addition	(65)	(245)
Inventory written down - reversal	(36)	102
Net reversal of ECL allowance on trade receivables	4,492	4,798
Bad debts written off	-	-
Waiver of other payable	4,780	4,780

13 Events Subsequent to the End of the Financial Year

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

14 Review of Performance

	Individual Quarter 3 Months Ended			Cumulative Financial Year Ended		
	31/12/2022	31/12/2021	Variance	31/12/2022	31/12/2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	147,659	122,491	20.5	600,587	508,389	18.1
Operating profit	37,723	32,342	16.6	133,806	121,044	10.5
Profit before taxation	36,925	31,796	16.1	132,083	119,467	10.6
Profit for the financial period/year	35,945	30,846	16.5	130,539	115,637	12.9

The Group recorded a quarterly revenue of RM147.7 million in the 3-month ended 31 December 2022 (“4Q2022”) as compared to RM122.5 million registered in the 3-month ended 31 December 2021 (“4Q2021”), representing an increase of 20.5%. For the entire financial year ended (“FYE”) 31 December 2022 (“12M2022”), the Group recorded a higher revenue of RM600.6 million as compared to RM508.4 million in the FYE 31 December 2021 (“12M2021”), representing an increase of 18.1%.

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

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Group’s revenue was mainly contributed by the ATE and FAS segments, constituting approximately 70.1% and 29.9% respectively of the Group’s total revenue in FYE 31 December 2022.

The below outlined the revenue of the respective operating segments.

	Individual Quarter 3 Months Ended			Cumulative Financial Year Ended		
	31/12/2022	31/12/2021	Variance	31/12/2022	31/12/2021	Variance
	RM’000	RM’000	%	RM’000	RM’000	%
ATE	94,411	86,253	9.5	420,716	356,327	18.1
FAS	53,248	36,139	47.3	179,871	151,759	18.5
Smart control solution system	-	-	-	-	303	n.m.

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

	Individual Quarter 3 Months Ended				Cumulative Financial Year Ended			
	31/12/2022		31/12/2021		31/12/2022		31/12/2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Automotive	69,464	47.0	38,143	31.1	254,856	42.4	104,322	20.5
Electro-Optical	25,673	17.4	38,721	31.6	117,409	19.5	223,067	43.9
Medical devices	33,379	22.6	8,046	6.6	84,581	14.1	29,293	5.8
Semiconductor	13,960	9.5	13,004	10.6	84,001	14.0	72,449	14.3
Consumer and industrial products	5,183	3.5	24,478	20.0	59,740	10.0	78,955	15.5
Others	-	-	99	0.1	-	-	303	n.m.
Total	147,659		122,491		600,587		508,389	

The Group closed its 4Q2022 with a profit before taxation of RM36.9 million (4Q2021: RM31.8 million), representing an increase of approximately 16.1%. The Group closed its 12M2022 with a profit before taxation of RM132.1 million, representing an increase of 10.6% from a profit before taxation of RM119.5 million recorded in 12M2021. The Group’s EBITDA (earnings before interest, tax, depreciation and amortisation) for the 4Q2022 stood at RM40.0 million (4Q2021: RM34.2 million), representing an increase of 17.1%, while the Group’s EBITDA for the 12M2022 stood at RM142.9 million (12M2021: RM128.9 million), representing an increase of 10.9%. Basic earnings per share increased from 2.79 sen in 4Q2021 to 3.20 sen in 4Q2022 and increased from 10.24 sen in 12M2021 to 11.58 sen in 12M2022.

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Performance of the respective operating segments for the current quarter as compared to the previous corresponding quarter is analysed as follows:

1) Automated test equipment

Revenue in the ATE segment jumped by RM8.2 million to RM94.4 in 4Q2022 (4Q2021: RM86.3 million) and RM64.4 million to RM420.7 million for the 12M2022 (12M2021: RM356.3 million), showing a meaningful growth of 9.5% in 4Q2022 and 18.1% in 12M2022.

The ATE segment, being the Group’s main revenue source, continued to contribute the larger portion of the Group’s overall revenue and profit during the year. After marking a turnaround in 2021 with its double-digit growth rate of 25.9%, total revenue from this segment continued to grow at 18.1% to RM420.7 million in 2022. During the year, backed by the electrification in the automobile industry and the proliferation of the electric vehicles (“EV”) ecosystem, the automotive industry emerged as the leading segment within the ATE business unit, contributing approximately 58.4% as compared to 27.6% in the previous year. Such significant growth of the automotive segment within the ATE business unit at an astounding rate of 150.1% did not only signify the Group’s encouraging milestone in penetrating the automotive industry but was a testament to the Group’s comprehensive products and solutions offering for the automotive industry. Underpinned by a massive wave of developments in automotive electrification and the various global decarbonisation policies which accelerated the adoption of EV, the Group’s broad array of automotive test solutions specifically the front-end tester for SiC and back end solutions for power devices made a meaningful breakthrough in the addressable market.

On the other hand, while the semiconductor industry is inherently cyclical, the ATE segment also benefitted from the semiconductor industry with its revenue contribution rate of 19.9%, representing an overall 17.6% growth as compared to 2021. Given the wide application of semiconductor contents in multiple industries from computer, telecommunication, healthcare, automotive to general industrial application coupled with the growing adoption of consumer electronics from the rapid urbanisation and improved living standards, the market growth of semiconductor production continues to bring opportunities and demand for the Group’s test handling equipment.

In contrast, revenue from the electro-optical within the ATE segment contracted to 19.0% in 2022, from 49.7% in 2021, which represented an overall drop of 54.9%. Recognising that the smartphone market has reached a certain plateau given the lack of major upgrade and development in smart sensors, the drop in revenue from this segment was within the Group’s expectation. During the year, revenue from this segment was mainly derived from the module upgrade of the Group’s existing smart device test solutions.

Overall, the Group’s strong presence in the automotive industry has complemented its ATE business and such positive development will continue to provide impetus for growth to the overall Group’s ATE segment in the mid-to long term.

The ATE segment experienced a decrease in the profit before taxation by 11.0% from RM24.0 million during the 4Q2021 to RM21.4 million for the 4Q2022 mainly due to the component cost increase and rising labour cost in this highly inflationary

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environment. However, such adverse cost impacts were partially mitigated by the Group’s increased exposure to the industry segment with better margin. For 12M2022, the Group profit before taxation decreased by 4.4% from RM99.0 million in 12M2021 to RM94.7 million in 12M2022.

2) Factory automation solutions

Revenue from the FAS segment registered a double-digit growth of approximately 47.3% in the 4Q2022 as compared to the 4Q2021. This brought the FAS segment achieving a total revenue of RM53.2 million in 4Q2022 (4Q2021: RM36.1 million) and RM179.9 million for the 12M2022 (12M2021: RM151.8 million), representing an overall increase of 18.5% in the 12M2022.

The FAS segment of the Group has been gaining its traction over the last few years. Since the listing of the Company, the FAS segment has been consistently recording years of double-digit revenue growth with the exception of 2019 where a decrease of 18.4% was recorded. In 2022, the FAS segment continued to witness double-digit growth rate in its contribution to the Group’s revenue, chalking 18.5% growth to achieve RM179.9 million during the year. Specifically, the revenue momentum in this segment picked up in the third and fourth quarter of the year, with revenue in second half of the year exceeding its first half by 46.4%.

The medical devices segment leading and driving the Group’s FAS growth this year with its revenue contribution rose to 41.5% from 19.3% in the previous year. The strong year-on-year revenue growth of 154.6% from the medical devices segment was mainly driven by global manufacturers of medical products in adopting the various process and assembly automation in their manufacturing processes for better productivity and efficiency. It is also a testament of the Group’s medical automation know-how post acquisition of TP Concept Sdn Bhd in 2019 that has started to have a positive bearing in the Group’s exposure for the medical industry. Revenue from other business segments, such as consumer and industrial products segment and electro-optical segment contributed 32.3% and 20.9% respectively towards the FAS business unit during the year.

The emergence of digital technologies has accelerated the adoption of automation. Many companies across various industries are seen adopting automation in a broader manner especially in a post-pandemic environment in achieving efficiency and productivity within a safe operating environment. With the current automation trend and the acceptance of Industry 4.0, the FAS segment will continue to grow and contribute positively to the Group.

The FAS segment recorded a higher profit before taxation by 194.7% to RM23.8 million for the 4Q2022 (4Q2021: RM8.1 million) and 110.8% to RM50.1 million for the 12M2022 (12M2021: RM23.8 million) mainly due to an increase in revenue as well as the following factors:

- (i) favorable changes in product mix with better profit margin; and
- (ii) waiver of other payable and a net reversal of ECL allowance on trade receivables due to the subsequent recovery of trade receivables.

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3) Smart control solution system

The products and solutions in this segment entail project management, smart building solutions and trading of materials.

There was no external revenue from this segment during the financial year.

This segment recorded a loss before taxation of RM0.7 million in 4Q2022 as compared to profit before taxation of RM0.6 million in 4Q2021 and higher loss before taxation of RM3.2 million in 12M2022 (12M2021: RM1.8 million). The smart control solution recorded profit before taxation in 4Q2021 and lower loss before taxation in 12M2021 as compared to 12M2022 was a result of a net reversal of ECL allowance on trade receivables following the recovery of the outstanding debt in 4Q2021.

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

	3 Months Ended 31/12/2022	3 Months Ended 30/9/2022	Variance
	RM'000	RM'000	%
Revenue	147,659	155,595	(5.1)
Operating profit	37,723	31,111	21.3
Profit before taxation	36,925	30,687	20.3
Profit for the financial period	35,945	31,785	13.1

In 4Q2022, the Group recorded a lower revenue at RM147.7 million as compared to the revenue of RM155.6 million for the 3-month ended 30 September 2022 (“3Q2022”), representing a decrease of 5.1%. The decrease in 4Q2022 revenue was mainly due to decrease in contribution from the ATE business segment. The below outlined the revenue of the respective operating segments.

	3 Months Ended 31/12/2022	3 Months Ended 30/9/2022	Variance
	RM'000	RM'000	%
ATE	94,411	101,959	(7.4)
FAS	53,248	53,636	(0.7)

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

	3 Months Ended 31/12/2022		3 Months Ended 30/9/2022	
	RM’000	%	RM’000	%
Automotive	69,464	47.0	82,384	52.9
Electro-Optical	25,673	17.4	10,094	6.5
Medical devices	33,379	22.6	27,027	17.4
Semiconductor	13,960	9.5	15,886	10.2
Consumer and industrial products	5,183	3.5	20,204	13.0
Total	147,659		155,595	

On the other hand, profit before taxation recorded an increase of 20.3% in 4Q2022 to RM36.9 million (3Q2022: RM30.7 million), mainly due to better profit margin and net reversal of ECL allowance on trade receivables following the recovery of the outstanding balance during the period.

Performance of the respective operating segments in 4Q2022 as compared to 3Q2022 is analysed as follows:

1) Automated test equipment

In 4Q2022, revenue from the ATE segment decreased by RM7.5 million to RM94.4 million (3Q2022: RM102.0 million), representing a decrease of 7.4%. The decrease was mainly due to timing differences of project delivery that fell beyond 2022.

Despite recording a decrease in revenue, the ATE segment recorded a higher profit before taxation by 28.2% to RM21.4 million in 4Q2022 (3Q2022: RM16.7 million) as a result of better profit margin and derivative movement in the foreign exchange exposure.

2) Factory automation solutions

The FAS segment also recorded a marginal decrease in revenue to RM53.2 million in 4Q2022 (3Q2022: RM53.6 million), representing a decrease of 0.7% driven by the project delivery for the Group’s proprietary i-ARMS solutions that was fulfilled after 2022.

Due to net reversal of ECL allowance on trade receivables, the FAS segment witnessed an increase in profit before taxation to RM23.8 million in 4Q2022 (3Q2022: RM15.5 million).

3) Smart control solution system

There was no external revenue from this segment during the financial year.

The smart control solution system recorded lower loss before taxation in 4Q2022 at RM0.7 million (3Q2022: RM0.8 million).

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16 Prospect

“When the going gets tough, the tough get going.”

Year 2022 ended on another challenging note and it was a year of two halves. While the aftermath of the COVID-19 pandemic continued to be felt, the first half of the year was compounded by the various geopolitical developments and rising inflationary pressures from the prolonged supply chain disruptions. The Group, through its various business strategies and approaches, navigated carefully in these challenging times and embraced the second half of the year on a better footing by executing and undertaking some of its internal business initiatives that were geared towards building new capabilities and revenue streams, while remaining vigilant and reactive in every stage of its execution to ensure agility in this highly evolving situation. It was definitely a year of resilience and a year of adaptability where the Group remained focused on its core competencies while responding to challenges and opportunities.

With the challenging year that has been, 2023 will be a year of consolidating and gathering internal strength and commitment to continue achieving breakthroughs in its existing businesses and geographical markets with new growth drivers and initiatives. Anchored by a record high order book on hand, the Group is forward-looking in establishing another year of solid business growth. Most notably, the Group will continue to strengthen its pillar of growth strategies in product diversification, geographical diversification and segmental diversification. Operationally, the Group has made headway in expanding its presence in higher growth segments namely the automotive and medical devices segment. In respect of automotive segment, with its leading position achieved during the year from revenue contribution standpoint, the Group expects the growing revenue exposure from this segment to persist on the back of its strong order fulfilment that is largely driven by the quickening pace of automotive electrification and the various automotive-related stimulus and policies towards decarbonisation that provide impetus to the EV market. The medical devices segment, which is now seen dominating the Group’s FAS segment will set the scene for pushing the revenue growth streak further within the segment as the application of automation in medical manufacturing becomes prevalent.

The Group’s effort in its geographical diversification approach entails establishing its presence outside of Malaysia which mainly includes China, Japan, U.S. and Singapore. Such establishment held the Group in good stead as the Group continues to record positive financial performance on the back of its growing sales traction achieved from these regions that cover important key market for the business segments of the Group. While the Group sets eyes on Germany, Indonesia and Middle East for its next geographical expansion, the Group is mindful of the “China plus one” strategy in which multinational firms are seen moving parts of their production outside of China, with India and Vietnam being the two primary locations brought up in attention. The Group is of the opinion that while such economic policy brings positive development in reducing supply chain dependency and vulnerability, it augurs well for the overall Group’s business growth opportunity with the potential increase in demand for the Group’s products and solutions from these new establishment outside of China.

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As the Group continues to seek opportunities to improve its financial performance, it is also keeping a keen eye on building a sustainable environment. In addition to putting sustainable business strategy in place, the Group is cognisant of the increasing importance of non-financial reporting. As part of the Group’s continuing efforts in enhancing transparency, the Group will step up its Environmental, Social and Governance (“ESG”) disclosures by making reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, the Group will enhance its ESG initiatives through the formulation and implementation of the various ESG action plans that encompass, among others, climate change initiatives, supply chain, diversity, employees’ engagement, corporate culture and compliance to reinforce its sustainability.

As the Group enters 2023 at an encouraging pace, the Group remains cautious given the current volatile global environment. The Group does not expect the overall sentiment to return to pre-pandemic conditions anytime soon and while this dynamic situation remains fluid, the Group will continue to drive operational efficiency and prudent cost optimisation to mitigate the impact of rising material price and any other cost increase from the inflationary pressure. Organically, the Group will continue to build its internal capabilities and accelerate innovation across all facets of its business segments from new product development to value chain activities to address the rapidly evolving market requirement. On a broader level, the Group is staying on course to keep pace with its long term growth initiatives steered by its “Grand Roadmap & key Focus 2022-2025” which is formulated to further progress the Group towards achievement of its long term growth trajectory.

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	(980)	(1,544)
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 Investment Development Authority which exempts 100% of statutory income in relation to production of certain products and solutions.

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19 Changes in the Composition of the Group

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

20 Corporate Proposals

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

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

On 4 July 2022, the Company announced that Pentamaster InnoTeq Sdn. Bhd. (“PISB”), a wholly owned subsidiary of PCB, has on that date, subscribed for 16,614,507 new fully paid up ordinary shares in Everready Precision Industrial Corp, Taiwan, Republic of China (“EPIC”) (“EPIC Shares”) representing 29.9% of the enlarged equity interest in EPIC (“Proposed Subscription”) for a total consideration of approximately USD6,777,000 (equivalent to RM28,225,000). The completion of the Proposed Subscription is pending the approval of the Kaohsiung Nanzih Technology Industrial Park in Taiwan and the allotment of the new EPIC shares to PISB.

21 Status of Utilisation of Proceeds Raised from Any Corporate Proposal

1) Share Award Scheme

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

Purpose	Proposed Utilisation (RM'000)	Gross Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
Payment of staff salaries and benefits	4,500	4,500	4,500	Within one (1) year	-
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	20,000	2,048	Within eight (8) years ⁽³⁾	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
Total	29,500	29,500	11,548		17,952

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2) Listing Exercise of PIL

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

Purpose	Proposed Utilisation		Gross Proceeds Received ⁽²⁾ (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario ⁽¹⁾ (RM'000)	Maximum Scenario ⁽¹⁾ (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	5,000	Within eight (8) years ⁽³⁾	27,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	26,129	Within eight (8) years ⁽³⁾	2,519
Working capital	21,172	23,549	20,405	20,405	Within five (5) years	-
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,508	5,508	5,306	5,306	Within six (6) months	-
Total	90,378	99,891	87,100	56,840		30,260

Notes:

- (1) The minimum and maximum scenario under the proposed utilisation was based on the indicative offer price in relation to the Listing Exercise of HKD0.95 and HKD1.05 respectively.
- (2) The actual gross proceeds received was based on the actual offer price in relation to the Listing Exercise of HKD1.00. The difference between the gross proceeds received and the proposed utilisation was due to the difference in the conversion rate.
- (3) The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020 and further extended to eight (8) years on 18 January 2023.

22 Borrowings

There are no outstanding borrowings or debt securities as at the end of the reporting period.

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23 Derivative Financial Instruments

As at the date of the statement of financial position 31 December 2022, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM'000)	Fair value Net gain/(loss) (RM'000)	Purpose
Currency forward contracts: -Less than 1 year	226,252	(6,358)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 December 2022, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group’s risk management objectives, accounting policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

24 Fair Value of Financial Liabilities

For the quarter ended 31 December 2022, there is no fair value gain or loss on the financial liabilities. The carrying amounts of the financial liabilities as at date of the end of the statement of financial position date approximate to their fair value due to their short-term nature.

25 Material Litigations

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

26 Dividends

The Directors recommend a final single-tier dividend of RM0.02 per ordinary share amounting to approximately RM14.2 million in respect of the financial year ended 31 December 2022 for shareholders’ approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

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27 Earnings Per Share

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

	3 Months Ended 31/12/2022 RM'000	3 Months Ended 31/12/2021 RM'000	12 Months Ended 31/12/2022 RM'000	12 Months Ended 31/12/2021 RM'000
Profit attributable to owners of the Company	22,743	19,890	82,418	72,911
Weighted average number of ordinary shares	711,565,346	712,317,121	711,565,346	712,317,121
Earnings per share attributable to owners of the Company (sen)	3.20	2.79	11.58	10.24

BY ORDER OF THE BOARD

ADELINE TANG KOON LING

Secretary

23 February 2023