

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	Individual Quarter		Cumulative Year	
	3 Months Ended	3 Months Ended	Financial Period Ended	Financial Period Ended
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Revenue	170,790	165,305	170,790	165,305
Cost of goods sold	(121,273)	(118,594)	(121,273)	(118,594)
Gross profit	49,517	46,711	49,517	46,711
Other income	3,667	8,832	3,667	8,832
Distribution costs	(2,597)	(2,111)	(2,597)	(2,111)
Administrative expenses	(19,348)	(20,077)	(19,348)	(20,077)
Other operating expenses	(225)	(100)	(225)	(100)
Operating profit	31,014	33,255	31,014	33,255
Share of (loss)/profit of associates	(222)	1,051	(222)	1,051
Profit before taxation	30,792	34,306	30,792	34,306
Taxation	(505)	(641)	(505)	(641)
Profit for the financial period	30,287	33,665	30,287	33,665
Total other comprehensive income, net of tax:				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation of foreign operations	58	12	58	12
Total comprehensive income for the financial period	30,345	33,677	30,345	33,677
Profit for the financial period, attributable to:				
Owners of the Company	19,376	21,274	19,376	21,274
Non-controlling interests	10,911	12,391	10,911	12,391
	30,287	33,665	30,287	33,665
Total comprehensive income for the financial period, attributable to:				
Owners of the Company	19,413	21,282	19,413	21,282
Non-controlling interests	10,932	12,395	10,932	12,395
	30,345	33,677	30,345	33,677
Earnings per share attributable to owners of the Company (sen):				
- Basic/Diluted	2.72	2.99	2.72	2.99

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 2023.

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 MARCH 2024

	Unaudited As at 31/3/2024 RM'000	Audited As at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	330,353	282,037
Investment properties	22,499	22,560
Goodwill	4,495	4,495
Intangible assets	40,215	40,058
Investment in associates	17,356	17,578
Other investments	11,642	9,868
Other receivables, deposits and prepayments	12,306	13,612
	<u>438,866</u>	<u>390,208</u>
Current assets		
Inventories	160,744	190,608
Trade receivables	206,332	196,289
Other receivables, deposits and prepayments	45,695	45,068
Derivative financial assets	662	2,384
Other investments	186	170
Tax recoverable	2,225	2,293
Cash and cash equivalents	445,097	490,870
	<u>860,941</u>	<u>927,682</u>
TOTAL ASSETS	<u><u>1,299,807</u></u>	<u><u>1,317,890</u></u>
EQUITY AND LIABILITIES		
Share capital	79,303	79,303
Reserves	640,726	620,137
	<u>720,029</u>	<u>699,440</u>
Non-controlling interests	317,715	306,118
Total Equity	<u><u>1,037,744</u></u>	<u><u>1,005,558</u></u>
Non-current liabilities		
Deferred income	893	620
Deferred tax liabilities	2,015	2,150
Other payables, accruals and provisions	10,589	6,717
	<u>13,497</u>	<u>9,487</u>
Current liabilities		
Trade payables	103,313	118,030
Other payables, accruals and provisions	39,782	44,484
Contract liabilities	104,821	138,441
Derivative financial liabilities	602	1,833
Tax payable	48	57
	<u>248,566</u>	<u>302,845</u>
Total Liabilities	<u><u>262,063</u></u>	<u><u>312,332</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,299,807</u></u>	<u><u>1,317,890</u></u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

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 THREE MONTHS ENDED 31 MARCH 2024

	Attributable to Owners of the Company						Distributable		Non-controlling Interests	Total Equity
				Non-distributable						
	Share Capital	Treasury Shares	Shares held for Employee Share Scheme ("ESS")	ESS Reserve	Statutory reserve	Foreign Currency Translation Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2024 (Audited)	79,303	(3,052)	(14,923)	3,944	454	(21)	633,735	699,440	306,118	1,005,558
Profit for the financial period	-	-	-	-	-	-	19,376	19,376	10,911	30,287
Other comprehensive income for the financial period	-	-	-	-	-	37	-	37	21	58
Total comprehensive income for the financial period	-	-	-	-	-	37	19,376	19,413	10,932	30,345
<i>Transactions with owners:</i>										
Equity-settled ESS expenses	-	-	-	1,841	-	-	(665)	1,176	665	1,841
ESS vested	-	-	(4)	4	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	(4)	1,845	-	-	(665)	1,176	665	1,841
As at 31 March 2024 (Unaudited)	79,303	(3,052)	(14,927)	5,789	454	16	652,446	720,029	317,715	1,037,744

	Attributable to Owners of the Company						Distributable		Non-controlling Interests	Total Equity
				Non-distributable						
	Share Capital	Treasury Shares	Shares held for Employee Share Scheme ("ESS")	ESS Reserve	Statutory reserve	Foreign Currency Translation Reserve	Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2023 (Audited)	79,303	(3,052)	(11,478)	3,706	-	(51)	558,359	626,787	265,953	892,740
Profit for the financial period	-	-	-	-	-	-	21,274	21,274	12,391	33,665
Other comprehensive income for the financial period	-	-	-	-	-	8	-	8	4	12
Total comprehensive income for the financial period	-	-	-	-	-	8	21,274	21,282	12,395	33,677
<i>Transactions with owners:</i>										
Equity-settled ESS expenses	-	-	-	1,514	-	-	(547)	967	547	1,514
ESS vested	-	-	2,411	(2,490)	-	-	79	-	-	-
Total transactions with owners of the Company	-	-	2,411	(976)	-	-	(468)	967	547	1,514
As at 31 March 2023 (Unaudited)	79,303	(3,052)	(9,067)	2,730	-	(43)	579,165	649,036	278,895	927,931

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
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QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2024

	3 Months ended 31/3/2024 (Unaudited) RM'000	3 Months ended 31/3/2023 (Unaudited) RM'000
Cash flows from operating activities		
Profit before taxation	30,792	34,306
Adjustments for:		
Amortisation of intangible assets	1,931	1,228
Depreciation of property, plant and equipment	3,144	2,297
Expected credit loss ("ECL") allowance on receivables	623	199
Reversal of ECL allowance on receivables	(268)	(720)
Interest income	(3,378)	(2,867)
Loss/(Gain) from changes in fair value of foreign currency forward contracts	491	(5,744)
Gain on disposal of other investments	-	(17)
Gain from changes in fair value of other investments	(16)	(1)
Inventory written down - addition	990	247
Inventory written down - reversal	(80)	(11)
Share of loss/(profit) of associates	222	(1,051)
Equity-settled ESS expenses	1,841	1,514
Unrealised (gain)/loss on foreign exchange	(4,056)	163
Operating profit before working capital changes	<u>32,236</u>	<u>29,543</u>
Decrease/(Increase) in inventories	28,954	(18,209)
Increase in receivables	(7,493)	(6,646)
Decrease in payables	(19,031)	(6,572)
Decrease in contract liabilities	(33,620)	(6,909)
Cash generated from/(absorbed by) operations	<u>1,046</u>	<u>(8,793)</u>
Grant received	273	-
Tax paid	(569)	(365)
Net cash from/(used in) operating activities	<u>750</u>	<u>(9,158)</u>
Cash flows from investing activities		
Acquisition of other investments	(1,774)	-
Deposits paid for acquisition of property, plant and equipment	(727)	-
Interest received	3,378	2,867
Proceeds from disposal of other investments	-	78
Purchase of intangible assets	(2,086)	(1,676)
Purchase of property, plant and equipment	(46,176)	(18,347)
Net cash used in investing activities	<u>(47,385)</u>	<u>(17,078)</u>
Net decrease in cash and cash equivalents	(46,635)	(26,236)
Effect of foreign exchange rate changes	862	100
Cash and cash equivalents at beginning	<u>490,870</u>	<u>421,225</u>
Cash and cash equivalents at end	<u>445,097</u>	<u>395,089</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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 March 2024 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 financial year ended 31 December 2023.

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 financial year ended 31 December 2023, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual periods beginning on or after 1 January 2024:

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – Supplier Finance Arrangements

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:

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability¹

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 Venture²

¹ *Effective for annual periods beginning on or after 1 January 2025*

² *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.

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COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

2 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the financial year ended 31 December 2023 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 2023 up to 31 March 2024.

9 Capital Commitments

	Amount (RM’000)
Contracted but not provided for - Property, plant and equipment	101,347
Authorised but not contracted for - Property, plant and equipment	19,425

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

10 Related Party Transactions

Transactions with a related party, a company in which a person connected to a director of the Company who has substantial financial interest, during the financial period ended 31 March 2024 are as follows:

Nature of transactions	Amount (RM'000)
Provision of hardware and system in integration solution	4,578
Licensing of software and provision of integration services	60

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 PERIOD ENDED 31 MARCH 2024

Results for the financial period ended 31 March 2024

	Automated test equipment RM'000	Factory automation solutions RM'000	Smart control solution system RM'000	Adjustment RM'000	Total RM'000
Revenue					
External revenue	72,830	97,900	60		170,790
Inter-segment revenue	361	850	416	(1,627)	-
Total revenue	<u>73,191</u>	<u>98,750</u>	<u>476</u>		<u>170,790</u>
Results					
Segment results	9,099	23,506	(579)	(4,390)	27,636
Interest income	2,532	104	-	742	3,378
Share of loss of an associate	-	-	-	(222)	(222)
Profit/(Loss) before taxation	<u>11,631</u>	<u>23,610</u>	<u>(579)</u>		<u>30,792</u>
Taxation	(557)	69	(17)	-	(505)
Profit/(Loss) for the financial period	<u>11,074</u>	<u>23,679</u>	<u>(596)</u>		<u>30,287</u>

Results for the financial period ended 31 March 2023

	Automated test equipment RM'000	Factory automation solutions RM'000	Smart control solution system RM'000	Adjustment RM'000	Total RM'000
Revenue					
External revenue	111,212	54,091	2		165,305
Inter-segment revenue	195	4,212	81	(4,488)	-
Total revenue	<u>111,407</u>	<u>58,303</u>	<u>83</u>		<u>165,305</u>
Results					
Segment results	25,787	8,736	(973)	(3,162)	30,388
Interest income	1,988	105	-	774	2,867
Share of profit of associates	-	-	-	1,051	1,051
Profit/(Loss) before taxation	<u>27,775</u>	<u>8,841</u>	<u>(973)</u>		<u>34,306</u>
Taxation	(753)	(10)	(12)	134	(641)
Profit/(Loss) for the financial period	<u>27,022</u>	<u>8,831</u>	<u>(985)</u>		<u>33,665</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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	(5,075)	(5,075)
(Loss)/Gain on foreign exchange:		
- realised	(7,315)	(7,315)
- unrealised	4,056	4,056
Loss from changes in fair value of foreign currency forward contracts	(491)	(491)
Interest income	3,378	3,378
Gain from changes in fair value of other investments	16	16
Gain on disposal of property, plant and equipment	-	-
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Inventory written down - addition	(990)	(990)
Inventory written down - reversal	80	80
Net ECL allowance on receivables	(355)	(355)
Bad debts written off	-	-

13 Events Subsequent to the End of the Financial Period

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

14 Review of Performance

	3 Months Ended 31/3/2024	3 Months Ended 31/3/2023	Variance
	RM'000	RM'000	%
Revenue	170,790	165,305	3.3
Operating profit	31,014	33,255	(6.7)
Profit before taxation	30,792	34,306	(10.2)
Profit for the financial period	30,287	33,665	(10.0)

The Group recorded a quarterly revenue of RM170.8 million in the 3-month ended 31 March 2024 (“1Q2024”) as compared to RM165.3 million registered in the 3-month ended 31 March 2023 (“1Q2023”), representing an increase of 3.3%.

The Group’s revenue was mainly contributed by the ATE and FAS segments, constituting approximately 42.6% and 57.3% respectively of the Group’s total revenue in 1Q2024.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

	3 Months Ended 31/3/2024	3 Months Ended 31/3/2023	Variance
	RM'000	RM'000	%
ATE	73,191	111,407	(34.3)
FAS	98,750	58,303	69.4
Smart control solution system	476	83	473.5

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

	3 Months Ended 31/3/2024		3 Months Ended 31/3/2023	
	RM'000	%	RM'000	%
Medical devices	78,547	46.0	19,135	11.6
Automotive	43,883	25.7	90,084	54.5
Electro-Optical	28,372	16.6	19,197	11.6
Consumer and industrial products	10,124	5.9	16,568	10.0
Semiconductor	9,804	5.8	20,319	12.3
Others	60	<i>n.m.</i>	2	<i>n.m.</i>
Total	170,790		165,305	

The Group closed its 1Q2024 with a profit before taxation of RM30.8 million (1Q2023: RM34.3 million), representing a decrease of approximately 10.2%. The Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for the 1Q2024 stood at RM35.9 million (1Q2023: RM37.8 million), representing a decrease of 5.2%. Basic earnings per share for the period decreased from 2.99 sen in 1Q2023 to 2.72 sen in 1Q2024.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

Revenue from this segment declined by approximately RM38.2 million from RM111.4 million in the previous corresponding quarter to RM73.2 million in 1Q2024 given the turbulence and uncertain recovery of supply chain disruptions besides slower-than-expected demand recovery in the inventory normalisation rate in the reporting quarter. Within the ATE segment, the Group’s automotive segment maintained the highest proportion with its revenue contribution of 60.3% in 1Q2024 which was largely driven by demand for the Group’s back-end test and assembly solutions from leading global automotive component players. However, revenue from this segment declined by 50.1% as compared to 1Q2023 due to the overall softness in demand within the automotive end market as a result of shifting consumer demands and the lack of transparency surrounding subsidies for the electronic vehicle markets globally.

On the contrary, the electro-optical industry accounted for 25.3% during 1Q2024, up from 6.6% in 1Q2023, a significant increase of 152.8% for this segment. This surge in revenue was mainly driven by the delivery of the Group’s flagship smart sensor test equipment for the upgraded version of the ambient light sensor. Meanwhile, revenue contribution from the semiconductor industry contributed approximately 13.4% within the segment, indicating a moderate decline from 13.8% achieved in 1Q2023.

Overall, the Group remains optimistic about the recovery and prospects of its ATE segment attributed to the Group’s diversified portfolio. This optimism is underpinned by the long term structural trends of automotive electrification, the growing influence of artificial intelligence, the expanding Internet of Things landscape and the evolving trends in opto-electronic devices. These trends are expected to provide substantial support and opportunities for growth within the ATE segment in the coming periods.

Profit before taxation in the ATE segment fell by 58.1% from RM27.8 million achieved in 1Q2023 to RM11.6 million for 1Q2024, mainly due to revenue contraction coupled with the increase in staff cost from direct and indirect labour category due to salary increment and increase in headcount.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

2) Factory automation solutions

After achieving double-digit growth for four consecutive years since 2020, this quarter marked a significant milestone for the FAS segment as its revenue surpassed the revenue of the ATE segment for the first time in the Group’s history. In 1Q2024, revenue from the FAS segment continued its impressive revenue growth trajectory with the increase of 69.4% to RM98.8 million as compared to RM58.3 million in 1Q2023, setting yet another record quarterly revenue for the FAS segment. This exceptional performance of the FAS segment was driven by the stellar growth of its medical devices segment which experienced a remarkable increase in its contribution rate from 35.4% in 1Q2023 to 80.2% in 1Q2024, representing an exponential growth of 310.5% within the segment.

The prominence of the medical devices segment is particularly noteworthy from the sustained demand and the significant growth potential for this segment. This potential is fuelled by technological advancements and prevailing trends in healthcare manufacturing that prioritise automation and innovation to achieve consistency, efficiency, precision and productivity in its production and operations. The Group has been expanding its customer base globally within this segment and actively seeking new opportunities to capture a larger market share. In 1Q2024, other industry segments contributing to the FAS segment were electro-optical segment and consumer and industrial products segment with each contributing approximately 10.1% and 9.6% respectively.

The demand for the Group’s proprietary intelligent Automated Robotic Manufacturing system (“i-ARMS”) has positively contributed towards the FAS segment driven mainly by the massive adoption of automation in the current post-pandemic environment in achieving efficiency and productivity. With the opportunity presented from the emergence of digital technologies, the FAS segment will continue to grow based on the current order book momentum, especially in the medical devices segment.

The FAS segment’s profit before taxation grew by 167.1% to RM23.6 million in 1Q2024 (1Q2023: RM8.8 million) mainly due to a substantial increase in revenue as well as the following factors:

- (i) favorable changes in product mix with better profit margin; and
- (ii) economies of scale achieved for projects undertaken.

3) Smart control solution system

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

In 1Q2024, this segment recorded a revenue of RM476,000 (1Q2023: RM83,000), while its loss before taxation stood at RM0.6 million in 1Q2024 versus a loss before taxation of RM1.0 million in 1Q2023. The lower loss before taxation in 1Q2024 was the result of higher revenue achieved during the quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

	3 Months Ended	3 Months Ended	Variance
	31/3/2024	31/12/2023	
	RM’000	RM’000	%
Revenue	170,790	169,014	1.1
Operating profit	31,014	31,326	(1.0)
Profit before taxation	30,792	31,284	(1.6)
Profit for the financial period	30,287	32,926	(8.0)

In 1Q2024, the Group recorded a revenue of RM170.8 million as compared to a revenue of RM169.0 million recorded for the 3-month ended 31 December 2023 (“4Q2023”), representing a slight increase of 1.1%. However, profit before taxation fell slightly by 1.6% in 1Q2024 to RM30.8 million (4Q2023: RM31.3 million), mainly due to additional bonus payout for its employees especially the direct and indirect labour category during the quarter as part of the Group’s initiatives in talent pool retention. Additionally, there was a higher incurrence of research and development cost by RM0.2 million for its single-use medical devices in 1Q2024 as compared to the preceding quarter. The below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

	3 Months Ended	3 Months Ended	Variance
	31/3/2024	31/12/2023	
	RM’000	RM’000	%
ATE	73,191	94,047	(22.2)
FAS	98,750	78,696	25.5
Smart control solution system	476	153	211.1

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

	3 Months Ended		3 Months Ended	
	31/3/2024		31/12/2023	
	RM’000	%	RM’000	%
Medical devices	78,547	46.0	49,738	29.4
Automotive	43,883	25.7	57,710	34.1
Electro-Optical	28,372	16.6	14,133	8.4
Consumer and industrial products	10,124	5.9	15,949	9.5
Semiconductor	9,804	5.8	31,484	18.6
Others	60	<i>n.m.</i>	-	-
Total	170,790		169,014	

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Performance of the respective operating segments which includes inter-segment transactions in 1Q2024 as compared to 4Q2023 are analysed as follows:

1) Automated test equipment

In 1Q2024, revenue from the ATE segment decreased by RM20.9 million to RM73.2 million (4Q2023: RM94.0 million), representing a decline of 22.2%. The decrease was mainly due to lower project value that was delivered and recorded during the quarter.

In line with a lower revenue, the ATE segment recorded a lower profit before taxation of RM11.6 million in 1Q2024, representing a decline of 33.1% (4Q2023: RM17.4 million).

2) Factory automation solutions

The FAS segment recorded a 25.5% revenue growth in 1Q2024, recording at RM98.8 million (4Q2023: RM78.7 million), driven by project delivery for the Group’s proprietary i-ARMS solutions that was fulfilled during the quarter.

Profit before taxation for the FAS segment increased 16.6% to record RM23.6 million in 1Q2024 (4Q2023: RM20.3 million) as a result of higher revenue achieved.

3) Smart control solution system

In 1Q2024, this segment recorded a revenue of RM0.5 million (4Q2023: RM0.2 million) and recorded a lower loss before taxation in 1Q2024 at RM0.6 million (4Q2023: RM0.8 million).

16 Prospect

With persistent inflationary pressure, geopolitical tension, government policies ambiguity and supply chain disruption, the Group entered 2024 cautiously with sustainability being its strategic priority underpinned by its three approaches of product diversification, geographical diversification and segment diversification. While the Group witnessed some degree of contraction in its current order book for the quarter, the Group, nevertheless, is optimistic in the second half of the year with some positive tailwinds appearing, especially in the new compound and high-performance semiconductor devices that are required in generative artificial intelligence, data centers and automotive segments. As it is, the medical devices segment still forms the largest share in the Group’s current order book and the revenue momentum, followed by contributions from the automotive segment, owing to the Group’s diversification strategy.

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Simultaneously, the Group will also be focusing its resources on product development and talent upskilling in facing the start of a new cyclical upswing in the current technology market centering on artificial intelligence, automotive and medical devices. The Group remained steadfast in directing its investments towards strategic areas such as research and development, system infrastructure and manufacturing capacity in anchoring its foundation towards tapping these upcoming growth opportunities and solidifying the Group’s competitive edge in the market. While maintaining a keen eye on its current cost structure, the Group will continue to implement targeted cost control measures with efforts to maintain a skilled and stable workforce in navigating these economic challenges and fostering innovation.

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	(505)	(505)
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.

19 Changes in the Composition of the Group

Pentamaster Equipment Manufacturing Sdn. Bhd. (“PQ”), a wholly-owned subsidiary of Pentamaster International Limited, which in turn is a subsidiary of the Company, had on 29 March 2024, incorporated a new subsidiary company, Pentamaster Eva Sdn. Bhd. (“PV”), by way of subscribing 85 ordinary shares in PV for a cash consideration of RM85. PQ held an 85% equity interest in PV. The principal activities of PV are equipment design, project management, manufacturing and production of automation solutions specifically for automotive and aerospace industry.

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 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

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	28,648	Within eight (8) years ⁽³⁾	-
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	59,359		27,741

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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.

23 Derivative Financial Instruments

As at the date of the statement of financial position 31 March 2024, 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	218,755	60	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2024, 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 March 2024, 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 31 March 2024.

27 Earnings Per Share

The calculation of basic earnings per share for the financial period 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 31/3/2024 RM'000	3 Months Ended 31/3/2023 RM'000
Profit attributable to owners of the Company	19,376	21,274
Weighted average number of ordinary shares	711,317,121	711,317,121
Earnings per share attributable to owners of the Company (sen)	2.72	2.99

BY ORDER OF THE BOARD

KONG SOWN KAEY
Secretary
9 May 2024