

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2017

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	47,572	28,599	47,572	28,599
Cost of goods sold	(34,557)	(20,024)	(34,557)	(20,024)
Gross profit	<u>13,015</u>	<u>8,575</u>	<u>13,015</u>	<u>8,575</u>
Other income	419	324	419	324
Administrative expenses	(3,229)	(3,936)	(3,229)	(3,936)
Distribution costs	(791)	(653)	(791)	(653)
Other expenses	(49)	(70)	(49)	(70)
Operating profit	<u>9,365</u>	<u>4,240</u>	<u>9,365</u>	<u>4,240</u>
Finance costs	(24)	(2)	(24)	(2)
Profit before taxation	<u>9,341</u>	<u>4,238</u>	<u>9,341</u>	<u>4,238</u>
Taxation	(846)	(836)	(846)	(836)
Profit for the period	<u><u>8,495</u></u>	<u><u>3,402</u></u>	<u><u>8,495</u></u>	<u><u>3,402</u></u>
Profit attributable to :				
Owners of the Parent	7,538	3,169	7,538	3,169
Non-controlling interests	957	233	957	233
	<u><u>8,495</u></u>	<u><u>3,402</u></u>	<u><u>8,495</u></u>	<u><u>3,402</u></u>
Profit per share attributable to owners of the parent (sen) :-				
- Basic	5.14	2.31	5.14	2.31
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

	Individual Quarter		Cumulative Year	
	3 Months Ended		Financial Period Ended	
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Profit for the Period	8,495	3,402	8,495	3,402
Other comprehensive loss:				
Translation of foreign operations	-	-	-	-
Other comprehensive loss net of tax	-	-	-	-
Total comprehensive income for the period	8,495	3,402	8,495	3,402
Total comprehensive income attributable to:				
Owners of the Parent	7,538	3,169	7,538	3,169
Non-controlling interests	957	233	957	233
	8,495	3,402	8,495	3,402

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Unaudited As at 31/3/2017 RM'000	Audited As at 31/12/2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	43,919	43,418
Intangible assets	5,206	5,304
	<u>49,125</u>	<u>48,722</u>
Current Assets		
Inventories	61,199	17,617
Trade receivables	21,219	36,442
Other receivables, deposits and prepayments	28,713	6,854
Derivative financial Asset	11	-
Deposits, cash and bank balances	39,353	30,843
Other investments	3,613	2,563
Tax recoverable	835	429
	<u>154,943</u>	<u>94,748</u>
TOTAL ASSETS	<u><u>204,068</u></u>	<u><u>143,470</u></u>
EQUITY AND LIABILITIES		
Equity Attributable To Owners of the Parents		
Share capital	73,283	73,283
Reserves	42,451	34,913
	<u>115,734</u>	<u>108,196</u>
Non-Controlling interest	4,935	3,978
Total Equity	<u>120,669</u>	<u>112,174</u>
Non Current Liabilities		
Hire-purchase payables	223	269
Deferred income	477	450
	<u>700</u>	<u>719</u>
Current Liabilities		
Trade payables	8,750	10,278
Other payables and accrued liabilities	72,954	16,569
Derivative financial liabilities	220	3,527
Hire-purchase payables	180	178
Provision for taxation	595	25
	<u>82,699</u>	<u>30,577</u>
Total Liabilities	<u>83,399</u>	<u>31,296</u>
TOTAL EQUITY AND LIABILITIES	<u><u>204,068</u></u>	<u><u>143,470</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2017	73,283	6,020	-	28,893	108,196	3,978	112,174
<i>Transaction with owner:</i>							
Issuance of shares at premium	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,538	7,538	957	8,495
As at 31 March 2017	<u>73,283</u>	<u>6,020</u>	<u>-</u>	<u>36,431</u>	<u>115,734</u>	<u>4,935</u>	<u>120,669</u>

	← Attributable to Owners of the Parent →				Total	Non-controlling Interest	Total Equity
	Share Capital	Non Distributable		Distributable			
		Share Premium	Exchange Fluctuation Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 January 2016	68,620	5,545	-	1,865	76,030	1,821	77,851
<i>Transaction with owner:</i>							
Issuance of shares at premium	2,665	245	-	-	2,910	-	2,910
Total comprehensive income for the period	-	-	-	3,169	3,169	233	3,402
As at 31 March 2016	<u>71,285</u>	<u>5,790</u>	<u>-</u>	<u>5,034</u>	<u>82,109</u>	<u>2,054</u>	<u>84,163</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	Note	3 Months ended 31/3/2017 RM'000	3 Months ended 31/3/2016 RM'000
Cash Flows From Operating Activities			
Profit before taxation		9,341	4,238
Adjustments for -			
Amortisation of intangible assets		180	273
Deferred income released		(235)	(267)
Depreciation		708	647
Interest expense		24	2
Interest income		(159)	(50)
Inventories written down - reversal		-	(1)
Gain from change in fair value of forward foreign exchange contract		(3,317)	(793)
Provision for warranty - reversal		(1)	-
Unrealised loss on foreign exchange		2,149	1,063
Operating profit before working capital changes		<u>8,690</u>	<u>5,112</u>
Increase in inventories		(43,581)	(2,470)
Increase in receivables		(8,800)	(5,431)
Increase in payables		54,869	2,228
Cash generated from operations		<u>11,178</u>	<u>(561)</u>
Grant received		262	367
Interest paid		(24)	(2)
Tax paid		(681)	(361)
Net cash generated from operating activities		<u>10,735</u>	<u>(557)</u>
Cash Flows From Investing Activities			
Interest received		159	50
Purchase of property, plant & equipment		(1,208)	(505)
Purchase of intangible assets		(82)	(221)
Investment in a joint venture company		(1,050)	-
Net cash used in investing activities		<u>(2,181)</u>	<u>(676)</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	Note	3 Months ended 31/3/2017 RM'000	3 Months ended 31/3/2016 RM'000
Cash Flows From Financing Activities			
Proceeds from issuing of share capital		-	2,910
Repayment of hire-purchase liabilities		(44)	(68)
Net cash generated from financing activities		<u>(44)</u>	<u>2,842</u>
Net Increase In Cash And Cash Equivalents		8,510	1,609
Cash And Cash Equivalents Brought Forward		30,843	15,382
Foreign currency exchange differences on opening balance		-	-
Cash And Cash Equivalents Carried Forward		<u><u>39,353</u></u>	<u><u>16,991</u></u>

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

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 Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative period in the current quarter to 31 March 2017 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the year ended 31 December 2016.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. The transition from the previous FRSs to the new MFRSs has no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

2 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the year ended 31 December 2016 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.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

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

	Company	
	As at 31/03/2017	As at 31/12/2016
	RM'000	RM'000
Corporate guarantee given by the Company for banking facilities extended by financial institution to subsidiary companies		
- Limit	22,000	22,000
- Amount utilised	-	-

9 Capital Commitments

The Company had on 19 March 2015 announced that its wholly owned subsidiary, Pentamaster Technology (M) Sdn Bhd, had on the same day, entered into a sale and purchase agreement with The Penang Development Corporation (“PDC”) for the proposed acquisition of a piece of leasehold land for a total cash consideration of RM5,015,490 out of which a total payment of 70% of the purchase price, which is equivalent to RM3,510,843 had been paid to PDC.

PENTAMASTER CORPORATION BERHAD (572307-U)**(“Company”)****Notes To The Interim Financial Report For Quarter Ended 31 March 2017****10 Segmental Information****Results for the period ended 31 March 2017**

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solution System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	42,931	2,912	1,578	151	47,572
Inter-segment revenue	163	216	20	(399)	-
Total revenue	43,094	3,128	1,598	(248)	47,572
Results					
Segment results	11,860	(2,053)	(557)	115	9,365
Finance cost	(4)	-	(2)	(18)	(24)
Profit/(Loss) before taxation	11,856	(2,053)	(559)	97	9,341
Taxation	(846)	-	-	-	(846)
Profit/(Loss) after taxation	11,010	(2,053)	(559)	97	8,495

Results for the period ended 31 March 2016

	Automated Equipment	Automated Manufacturing Solution	Smart Control Solution System	Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Revenue	21,349	6,583	458	209	28,599
Inter-segment revenue	1,693	1,429	18	(3,140)	-
Total revenue	23,042	8,012	476	(2,931)	28,599
Results					
Segment results	4,355	510	(445)	(180)	4,240
Finance cost	-	-	(2)	-	(2)
Profit/(Loss) before taxation	4,355	510	(447)	(180)	4,238
Taxation	(835)	(1)	-	-	(836)
Profit/(Loss) after taxation	3,520	509	(447)	(180)	3,402

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

11 Profit Before Tax

	Current Quarter	Current Year to Date
	RM'000	RM'000
Profit before tax is arrived at after crediting/(charging):		
Depreciation and amortisation	(653)	(653)
Foreign exchange loss	(3,300)	(3,300)
Gain on derivatives	3,317	3,317
Interest income	159	159
Interest expense	(24)	(24)
Reversal of written down of Inventories	1	1

12 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 statements.

PENTAMASTER CORPORATION BERHAD (572307-U)
(“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2017

13 Review of Performance

The Group recorded higher revenue at RM47.6 million in the current quarter as compared to RM28.6 million registered in the corresponding quarter last year, representing an increase of 66.4%. The higher revenue recorded was mainly due to increase in sales from both automated equipment and smart control solution system segment which was partially offset by the lower revenue from automated manufacturing solution operating segment.. Due to the higher revenue achieved and better product mix secured, the Group recorded a higher profit before tax of RM9.3 million in the current quarter as compared to the pre-tax profit of RM4.2 million in the previous corresponding quarter, representing an increase of 121.4%.

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

1) Automated equipment

This segment recorded an increase in revenue by RM21.6 million to RM42.9 million as compared to the previous corresponding quarter mainly due to higher demand for the test equipment from semiconductor market especially the smart device sector. Consequently, this segment recorded a higher profit before tax of RM11.9 million against profit before tax of RM4.4 million in the previous corresponding quarter mainly attributable to higher revenue recorded coupled with better product mix with higher margin achieved.

2) Automated manufacturing solution

Revenue from this segment was RM3.7 million lower than the previous corresponding quarter mainly due to lower demand for the integrated manufacturing solution from customers in current quarter. As a result of lower revenue achieved, this segment recorded a loss before tax of RM2.1 million as compared to profit before tax of RM0.5 million in the previous corresponding quarter.

3) Smart control solution system

This segment recorded an increase in revenue by RM1.1 million to RM1.6 million for the current quarter under review. Despite the higher revenue achieved, this segment recorded a higher loss before tax of RM0.6 million as compared to the loss before tax of RM0.4 million in the previous corresponding quarter. This was mainly due to the low margin prototype sales coupled with the slight increase in its administrative cost as compared to the previous corresponding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

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

For the first quarter ended 31 March 2017, the Group recorded slightly higher revenue at RM47.6 million as compared to the revenue of RM43.5 million in the preceding quarter, representing an increase of 9.4%. The higher revenue recorded was mainly due to increase in sales contribution from both automated equipment and smart control solution system segment which was partially offset by the lower revenue from automated manufacturing solution segment. Consequently, the Group recorded a higher profit before tax of RM9.3 million in the current quarter as compared to the pre-tax profit of RM7.3 million in the preceding quarter, representing an increase of 27.4%.

Performance of the respective operating segments for the first quarter ended 31 March 2017 as compared to the preceding quarter is analysed as follows:-

1) Automated equipment

The increase in revenue by RM11.5 million in the current quarter to RM42.9 million as compared to the preceding quarter was mainly due to the continuous increase in demand for the test equipment from semiconductor market especially the smart device sector. Consequently, this segment achieved a higher profit before tax of RM11.9 million as compared to RM11.2 million in preceding quarter mainly attributable to higher revenue recorded.

2) Automated manufacturing solution

Revenue from this segment was RM5.8 million lower than the previous corresponding quarter mainly due to lower demand for the integrated manufacturing solution from customers in current quarter. As a result of the lower revenue achieved, this segment recorded a loss before tax of RM2.1 million in the current quarter as compared to the loss before tax of RM0.5 million in the preceding quarter.

3) Smart control solution system

Revenue from this segment was RM1.5 million lower than the preceding quarter. Revenue from this segment is largely dependent on progress billing based on stage of work done of projects. As a result of lower revenue achieved, this segment recorded a loss before tax of RM0.5 million as compared to the marginal profit before tax of RM20,000 in preceding quarter.

PENTAMASTER CORPORATION BERHAD (572307-U)

(“Company”)

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

15 Current Year Prospect

The market outlook in respect of demand for smart devices for mobile and automotive segment is expected to dominate the semiconductor industry. This leads to our anticipation that the demand for our test solution for the smart devices will grow in 2017. In addition to this, with the current shortage of labour and demand for high standard manufacturing requirement, the demand for our i-ARMS solution is expected to grow as well.

Looking ahead, we are cautiously optimistic that year 2017 will be another good year for the Group with the current business opportunities in our high-end smart IC device test solutions and i-ARMS. We will continue to strengthen our market position and expand the customer base.

16 Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

17 Taxation

The taxation charge for the current quarter and year to date is as follows –

	Current Quarter	Current Year to
	RM'000	Date
		RM'000
Income tax payable	846	846

18 Changes in the Composition of the Group

During the quarter, there were no changes in the composition of the Group.

19 Corporate Proposals

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

PENTAMASTER CORPORATION BERHAD (572307-U)
(“Company”)
Notes To The Interim Financial Report For Quarter Ended 31 March 2017

20 Status of Utilisation of Proceeds

The utilization of the gross proceeds of RM7,816,685 raised from the Private Placement 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 from completion of the Proposed Private Placement	Balance RM'000
General working capital	8,094	7,717	7,712	Within one (1) year	5
Estimated expenses in relation to the Proposed Private Placement	100	100	105	Upon completion	(5)
	8,194	7,817	7,817		-

Note 1

Note 1: The above proposed utilisation was based on the expected gross proceeds raised which was calculated based on the indicative issue price of RM0.615 per placement share as announced on 9 September 2015.

21 Borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:-

	RM'000
<u>Short term borrowings (unsecured)</u>	
Hire purchase creditor	180
<u>Long term borrowings (unsecured)</u>	
Hire purchase creditor	223
Total utilisation	403

All borrowings are denominated in Ringgit Malaysia.

PENTAMASTER CORPORATION BERHAD (572307-U)**(“Company”)****Notes To The Interim Financial Report For Quarter Ended 31 March 2017****22 Derivative Financial Instruments**

As at the date of the statement of financial position 31 March 2017, 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	28,876	(209)	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 March 2017, 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, 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.

23 Disclosure of Realised and Unrealised Profit/Losses

	As at 31/03/2017 (RM'000)	As at 31/12/2016 (RM'000)
Total retained profits of the Company and its subsidiaries:		
- Realised	45,333	42,040
- Unrealised	1,585	(2,452)
	46,918	39,588
Add: Consolidation adjustments	(10,487)	(10,695)
Total retained profits as per statements of financial position	36,431	28,893

PENTAMASTER CORPORATION BERHAD (572307-U)

("Company")

Notes To The Interim Financial Report For Quarter Ended 31 March 2017

24 Material Litigations

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

25 Dividends

The Board of Directors does not recommend any dividend in respect of the quarter ended 31 March 2017.

26 Basic Profit Per Share

The calculation of basic profit per share for the period is based on the net profit attributable to ordinary shareholders for the quarter and the financial period divided by the weighted average number of ordinary shares in issue during the quarter and the financial period.

	3 Months Ended 31/3/2017 RM'000	3 Months Ended 31/3/2016 RM'000
Profit attributable to owners of the Parent	7,538	3,169
Weighted average number of ordinary shares of RM0.50 each	146,567,333	137,474,623
Profit per share attributable to owners of the Parent (sen)	5.14	2.31

BY ORDER OF THE BOARD

LIM KIM TECK

Secretary
9 May 2017