

Pentamaster International Limited

檳傑科達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1665

SHAPING THE FUTURE THROUGH INNOVATION



PHOTONICS



OPTICS



IMAGING



MAGNETIC



GYRO MOTION

INTERIM REPORT 2021



Our Vision

“To be the leader and world class automation solutions provider in the global market”

Our Mission

“We are committed to delivering high quality and cost-effective solutions with latest technology as well as providing value-added services to our customers and benefits to our vendors, employees and the community as a whole”

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chuah Choon Bin (*Chairman*)

Gan Pei Joo

Non-executive Director

Leng Kean Yong

Independent non-executive Directors

Chuah Jin Chong

Chan May May

Sim Seng Loong @ Tai Seng

AUDIT COMMITTEE

Sim Seng Loong @ Tai Seng (*Chairman*)

Chan May May

Leng Kean Yong

REMUNERATION COMMITTEE

Sim Seng Loong @ Tai Seng (*Chairman*)

Chuah Jin Chong

Leng Kean Yong

NOMINATION COMMITTEE

Chuah Jin Chong (*Chairman*)

Sim Seng Loong @ Tai Seng

Chan May May

AUDITOR

Grant Thornton Hong Kong Limited

Certified Public Accountants

12th Floor

28 Hennessy Road

Wanchai

Hong Kong

COMPANY SECRETARY

Tsui Sum Yi

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Plot 18 & 19, Technoplex

Medan Bayan Lepas

Taman Perindustrian Bayan Lepas

Phase IV, 11900 Penang

Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

AmBank (M) Berhad

Public Bank Berhad

COMPANY WEBSITE

www.pentamaster.com.my

STOCK CODE

1665



The board (the “**Board**”) of directors (the “**Directors**”) of Pentamaster International Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “**we**”, “**us**”, “**our**” or the “**Group**”) for the six months ended 30 June 2021 (“**1H2021**”), together with the comparative figures for the six months ended 30 June 2020 (“**1H2020**”) (*expressed in Ringgit Malaysia “MYR”*). Such information should be read in conjunction with the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”) and the annual report of the Company for the financial year ended 31 December 2020 published on 30 March 2021 (the “**Annual Report**”).

FINANCIAL HIGHLIGHTS

For the six months ended 30 June	2021 (Unaudited) MYR'000	2020 (Unaudited) MYR'000
Revenue	245,610	203,064
Gross profit	73,241	70,954
Profit for the period	55,683	52,706
Earnings per share (sen) Basic and diluted	3.48	3.29

- Revenue of the Group was MYR245.6 million, representing an increase of approximately 21.0% over the corresponding period last year.
- Profit for the period stood at MYR55.7 million, representing an increase of approximately 5.6% over the corresponding period last year.
- Cash and cash equivalents of MYR333.9 million as at 30 June 2021 against MYR300.3 million as at 31 December 2020.
- The Board does not recommend any interim dividend in respect of the six months ended 30 June 2021.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	Individual Quarter 3 Months Ended		Cumulative Year Financial Period Ended	
		30/6/2021 (Unaudited) MYR'000	30/6/2020 (Unaudited) MYR'000	30/6/2021 (Unaudited) MYR'000	30/6/2020 (Unaudited) MYR'000
Revenue	4	130,551	103,024	245,610	203,064
Cost of goods sold		(92,145)	(66,185)	(172,369)	(132,110)
Gross profit		38,406	36,839	73,241	70,954
Other income	5	2,054	3,441	12,515	10,377
Administrative expenses		(6,951)	(9,205)	(21,721)	(20,657)
Distribution costs		(2,637)	(1,935)	(5,742)	(3,822)
Other operating expenses		(32)	(12)	(74)	(36)
Operating profit		30,840	29,128	58,219	56,816
Finance costs		(23)	(37)	(47)	(75)
Share of results of an associate		(428)	(321)	(553)	(670)
Profit before taxation	6	30,389	28,770	57,619	56,071
Taxation	7	(1,215)	(2,249)	(1,936)	(3,365)
Profit and total comprehensive income for the period		29,174	26,521	55,683	52,706
Earnings per share attributable to owners of the Company (sen):					
– Basic and diluted	9	1.82	1.66	3.48	3.29

The unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months ended 30 June 2021 should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	As at 30/6/2021 (Unaudited) MYR'000	As at 31/12/2020 (Audited) MYR'000
ASSETS			
Non-current assets			
Property, plant and equipment		111,847	114,414
Leasehold land		7,258	7,331
Goodwill		4,495	4,495
Intangible assets		32,877	32,058
Interest in an associate		21,965	7,583
Other receivables, deposits and prepayments	<i>11</i>	10,406	10,609
		188,848	176,490
Current assets			
Inventories		58,458	33,836
Trade receivables	<i>10</i>	144,990	139,896
Other receivables, deposits and prepayments	<i>11</i>	7,364	3,560
Amount due from a fellow subsidiary		18	–
Derivative financial assets		–	3,336
Other investments		908	676
Tax recoverable		1,410	1,202
Cash and cash equivalents		333,947	300,280
		547,095	482,786
Total assets		735,943	659,276



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2021

	<i>Notes</i>	As at 30/6/2021 (Unaudited) MYR'000	As at 31/12/2020 (Audited) MYR'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		8,054	8,054
Reserves		566,419	525,491
Total equity		574,473	533,545
LIABILITIES			
Current liabilities			
Trade payables	<i>12</i>	79,788	62,671
Other payables, accruals and provisions	<i>13</i>	32,630	37,280
Dividend payable	<i>8</i>	16,996	–
Contract liabilities	<i>14</i>	20,958	15,471
Amount due to a fellow subsidiary		–	6
Amount due to ultimate holding company		601	–
Derivative financial liabilities		1,330	–
Deferred income		26	–
Bank borrowing		2,772	2,976
Provision for taxation		1,801	744
		156,902	119,148
Non-current liabilities			
Deferred income		–	1,746
Deferred tax liabilities		4,568	4,837
		4,568	6,583
Total liabilities		161,470	125,731
Total equity and liabilities		735,943	659,276

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Equity attributable to owners of the Company							
	Share capital MYR'000	Share premium MYR'000	Shares held for share award scheme MYR'000	Share award reserve MYR'000	Capital reserve MYR'000	Retained profits MYR'000	Proposed final dividend MYR'000	Total equity MYR'000
As at 1 January 2021 (Audited)	8,054	84,936	(5,849)	-	44,477	385,255	16,672	533,545
Profit and total comprehensive income for the period	-	-	-	-	-	55,683	-	55,683
<i>Transactions with owners:</i>								
Purchase of shares for share award scheme	-	-	(1,090)	-	-	-	-	(1,090)
Equity-settled share award scheme arrangement	-	-	-	3,331	-	-	-	3,331
Vesting of shares of share award scheme	-	-	3,781	(3,331)	-	(450)	-	-
2020 final dividends declared	-	-	-	-	-	(324)	(16,672)	(16,996)
As at 30 June 2021 (Unaudited)	8,054	84,936	(3,158)	-	44,477	440,164	-	574,473

	Equity attributable to owners of the Company							
	Share capital MYR'000	Share premium MYR'000	Shares held for share award scheme MYR'000	Share award reserve MYR'000	Capital reserve MYR'000	Retained profits MYR'000	Proposed final dividend MYR'000	Total equity MYR'000
As at 1 January 2020 (Audited)	8,054	84,936	-	-	44,477	288,424	13,032	438,923
Profit and total comprehensive income for the period	-	-	-	-	-	52,706	-	52,706
<i>Transactions with owners:</i>								
Purchase of shares for share award scheme	-	-	(507)	-	-	-	-	(507)
2019 final dividends declared	-	-	-	-	-	(418)	(13,032)	(13,450)
As at 30 June 2020 (Unaudited)	8,054	84,936	(507)	-	44,477	340,712	-	477,672

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

<i>Note</i>	6 Months ended 30/6/2021 (Unaudited) MYR'000	6 Months ended 30/6/2020 (Unaudited) MYR'000
Cash flows from operating activities		
Profit before taxation	57,619	56,071
Adjustments for:		
Amortisation of intangible assets	1,667	393
Amortisation of leasehold land	73	73
Expected credit loss ("ECL") allowance on trade receivables	225	34
Bad debt written off	-	2
Deferred income released	(1,720)	(163)
Depreciation	1,954	2,118
Interest expense	47	75
Interest income	(2,019)	(3,467)
Loss on disposal of property, plant & equipment	1,667	-
Loss from changes in fair value of foreign currency forward contracts	4,666	3,995
Gain on disposal of other investments	(39)	-
Loss from changes in fair value of other investments	27	-
Inventory written down – addition	195	252
Inventory written down – reversal	(185)	(1,302)
Share of results of an associate	553	670
Equity-settled share award scheme expense	3,331	-
Unrealised gain on foreign exchange	(5,504)	(4,644)
Operating profit before working capital changes	62,557	54,107
(Increase)/decrease in inventories	(24,633)	17,423
Increase in receivables	(4,080)	(37,672)
Increase in payables	12,155	16,440
Increase/(decrease) in contract liabilities	5,487	(30,613)
Decrease in ultimate holding company balance	630	2
Net change in a fellow subsidiary's balance	(54)	11
Cash generated from operations	52,062	19,698
Interest paid	(47)	(75)
Tax paid	(1,356)	(2,564)
Tax refunded	-	9
Net cash generated from operating activities	50,659	17,068



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the six months ended 30 June 2021

Note	6 Months ended 30/6/2021 (Unaudited) MYR'000	6 Months ended 30/6/2020 (Unaudited) MYR'000
Cash flows from investing activities		
	2,019	3,467
	720	–
	(2,500)	(2,616)
	(1,760)	(3,739)
	180	–
	(398)	–
	(15,000)	(1,700)
	66	–
	(16,673)	(4,588)
Cash flows from financing activities		
	(204)	(177)
15	(1,090)	(507)
	(1,294)	(684)
	32,692	11,796
	300,280	303,955
	975	2,229
	333,947	317,980



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Law. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 January 2018 ("**Listing Date**").

The Company is an investment holding company and has not carried on any business since its incorporation. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in (i) designing, development and manufacturing of standard and non-standard automated equipment and (ii) designing, development and installation of integrated factory automation solutions (the "**Listing Businesses**").

The Company's immediate holding company is Pentamaster Corporation Berhad ("**PCB**", together with the Group, "**Pentamaster Group**"), a company incorporated in Malaysia with its shares listed on the Main Market of Bursa Malaysia Berhad. As at 30 June 2021, the Directors regard PCB as the ultimate holding company.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), the collective term of which includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020. The accounting policies and methods of computation adopted for the condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2020.



2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

In the current year, the Group has applied for the first time the following amended IFRSs issued by the IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	Covid-19-Related Rent Concessions

The adoption of the new and amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(b) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost except derivative financial assets/liabilities which are stated at fair values.

The consolidated financial statements are presented in Ringgit Malaysia ("MYR"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("MYR'000"), except when otherwise indicated.



2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(c) Future changes in IFRSs

At the date of this report, the following new and amended IFRSs have been published but are not yet effective and have not been adopted early by the Group.

Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
IFRS17	Insurance contracts and related amendments ³
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before intended use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020 ²
Amendments to IAS 1	Classification of Liabilities As Current or Non-current ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and its Associate or Joint Venture ⁴
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁵
Amendments to IFRS 3	Reference to the Conceptual Framework ²

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

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

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

⁴ *Effective date not yet determined*

⁵ *Effective for business combination/common control combination for which the acquisition/combination is on or after the beginning of the first annual period beginning on or after 1 January 2022*

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 the financial position of the Group.



3. SEGMENT INFORMATION

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

- | | |
|---|---|
| (i) Automated test equipment
("ATE"): | Designing, development and manufacturing of standard and non-standard automated equipment |
| (ii) Factory automation solutions
("FAS"): | Designing, development and installation of integrated automated manufacturing solutions |

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

The Group's executive directors monitor the performance of the business segments through regular discussions held with the segment managers and review of internal management reports. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.



3. SEGMENT INFORMATION *(continued)*

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

Unaudited results for the six months ended 30 June 2021

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	Note	Total MYR'000
Revenue					
External customers	176,770	68,840			245,610
Inter-segment revenue	875	1,913	(2,788)	(i)	-
Total revenue	177,645	70,753			245,610
Results					
Segment results	51,839	5,884	(1,523)		56,200
Interest income	1,921	91	7		2,019
Interest expense	(47)	-			(47)
Share of results of an associate	-	-	(553)		(553)
Profit before taxation	53,713	5,975			57,619
Taxation	(2,195)	(9)	268		(1,936)
Profit for the period	51,518	5,966			55,683



3. SEGMENT INFORMATION *(continued)*

Unaudited results for the six months ended 30 June 2020

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	<i>Note</i>	Total MYR'000
Revenue					
External customers	136,762	66,302			203,064
Inter-segment revenue	1,688	851	(2,539)	(i)	–
Total revenue	138,450	67,153			203,064
Results					
Segment results	43,826	8,568	955		53,349
Interest income	3,353	114			3,467
Interest expense	(75)	–			(75)
Share of results of an associate	–	–	(670)		(670)
Profit before taxation	47,104	8,682			56,071
Taxation	(3,330)	(35)			(3,365)
Profit for the period	43,774	8,647			52,706

Note to segment information

- (i) Inter-segment revenues are eliminated on consolidation.



3. SEGMENT INFORMATION *(continued)*

Geographical information

- (i) Revenue breakdown based on the locations which purchase orders were derived from:

	For the six months ended 30 June			
	2021 (Unaudited) MYR'000		2020 (Unaudited) MYR'000	
		%		%
China	68,182	27.8%	51,549	25.4%
Taiwan	65,747	26.8%	19,387	9.5%
Japan	35,647	14.5%	7,996	3.9%
United States	17,054	6.9%	23,490	11.6%
Malaysia	16,164	6.6%	33,725	16.6%
Ireland	13,776	5.6%	3,576	1.8%
Singapore	13,761	5.6%	55,590	27.4%
Philippines	8,448	3.4%	2,630	1.3%
Vietnam	3,198	1.3%	–	–
Thailand	2,174	0.9%	81	0.0%
Others	1,459	0.6%	5,040	2.5%
	245,610	100.0%	203,064	100.0%



3. SEGMENT INFORMATION *(continued)* Geographical information *(continued)*

(ii) Revenue breakdown based on the shipment destination:

	For the six months ended 30 June			
	2021 (Unaudited) MYR'000	%	2020 (Unaudited) MYR'000	%
China	83,887	34.2%	58,622	28.9%
Taiwan	65,747	26.8%	19,347	9.5%
Japan	33,420	13.6%	175	0.1%
Malaysia	20,280	8.3%	35,918	17.7%
Singapore	12,779	5.2%	58,409	28.8%
United States	10,865	4.4%	16,705	8.2%
Philippines	9,019	3.7%	5,598	2.8%
Thailand	3,780	1.5%	3,251	1.6%
Vietnam	3,198	1.3%	–	–
India	1,605	0.7%	74	–
Others	1,030	0.3%	4,965	2.4%
	245,610	100.0%	203,064	100.0%



4. REVENUE

The Group's revenue from external customers recognised during the period is as follows:

	Six months ended 30 June	
	2021 (Unaudited) MYR'000	2020 (Unaudited) MYR'000
Invoiced value of goods sold less returns and discounts	242,431	198,614
Service rendered	3,179	4,450
	245,610	203,064

The Group generated most of its revenue through the provision of products and solutions to its customers. Service rendered represented provision of service to customers such as (i) upgrading of software programming; (ii) annual maintenance support; (iii) repair and technical services; and (iv) vision integration programming for test handlers.

5. OTHER INCOME

	Six months ended 30 June	
	2021 (Unaudited) MYR'000	2020 (Unaudited) MYR'000
Bank interest income	2,019	3,467
Deferred income released	1,720	163
Net gain on foreign exchange	8,355	6,299
Gain on disposal of other investments	39	–
Rental income from operating leases	27	44
Others	355	404
	12,515	10,377



6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 (Unaudited) MYR'000	2020 (Unaudited) MYR'000
Amortisation of intangible assets	1,667	393
Amortisation of leasehold land	73	73
Auditor's remuneration	229	231
Deferred income released	(1,720)	(163)
Depreciation	1,954	2,118
Loss from changes in fair value of foreign currency forward contracts	4,666	3,995
Gain on disposal of other investments	(39)	–
Loss on disposal of property, plant & equipment	1,667	–
Loss from changes in fair value of other investments	27	–
Bad debts written off	–	2
ECL allowance on trade receivables	225	34
Inventory written downs to net realisable value		
– addition	195	252
– reversal	(185)	(1,302)
Net gain on foreign exchange	(8,355)	(6,299)
Lease charges of short term leases and leases with lease term shorter than 12 months as at initial application of IFRS 16		
– hostel	576	396
– office	44	174



7. TAXATION

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Malaysian income tax is calculated at the statutory tax rate of 24% on the estimated chargeable income arising in Malaysia for 1H2021 and 1H2020. The effective tax rate is lower than the statutory tax rate as certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Industrial Development Authority which exempts 100% of statutory income in relation to the production of certain products and solutions.

8. DIVIDENDS

The Directors do not recommend any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

At the Board meeting held on 25 February 2021, the Board proposed a final dividend of HK\$0.02 per share for the year ended 31 December 2020 (the “**2020 Final Dividend**”). The 2020 Final Dividend was approved at the annual general meeting of the Company held on 10 June 2021 (2020: HK\$0.015 per share). The 2020 Final Dividend amounting to HKD32.0 million (equivalent to approximately MYR17.0 million) was paid to all shareholders of the Company on 15 July 2021.



9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021 (Unaudited) MYR'000	2020 (Unaudited) MYR'000
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	55,683	52,706
Number of shares	1,600,000,000	1,600,000,000

There were no dilutive potential ordinary shares and therefore, diluted earnings per share equals to basic earnings per share.

10. TRADE RECEIVABLES

The normal credit terms granted to trade receivables range from 0 to 90 days. Based on the invoice date, the ageing analysis of trade receivables, net of provision for impairment, was as follows:

	30 June 2021 (Unaudited) MYR'000	31 December 2020 (Audited) MYR'000
0-30 days	74,701	58,075
31-60 days	14,632	13,888
61-90 days	14,190	4,900
Over 90 days	41,467	63,033
	144,990	139,896



11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 (Unaudited) MYR'000	31 December 2020 (Audited) MYR'000
Other receivables	73	22
Refundable deposits	12,135	12,219
Non-refundable deposits (<i>note (i)</i>)	4,801	1,533
Prepayments	761	395
	17,770	14,169
Less: non-current portion Deposit (<i>note (ii)</i>)	(10,406)	(10,609)
Current Portion	7,364	3,560

Notes:

- (i) Non-refundable deposits are mainly for deposits paid to suppliers for purchase of raw materials and machines.
- (ii) The balance represented a potential investment in a manufacturing company in Taiwan, which is subject to certain conditions.



12. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 150 days. Based on the invoice date, the ageing analysis of trade payables is as follows:

	30 June 2021 (Unaudited) MYR'000	31 December 2020 (Audited) MYR'000
0-30 days	38,780	29,211
31-60 days	26,889	22,880
61-90 days	10,072	6,681
Over 90 days	4,047	3,899
	79,788	62,671

13. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	30 June 2021 (Unaudited) MYR'000	31 December 2020 (Audited) MYR'000
Other payables	2,006	3,143
Amount due to former shareholders of a subsidiary (<i>note (i)</i>)	4,780	5,500
Consideration payable related to acquisition of a subsidiary (<i>note (ii)</i>)	11,393	11,393
Accruals	13,804	16,597
Provision for warranty	647	647
	32,630	37,280

Notes:

- (i) The amounts due are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due are considered reasonable approximation of their fair values.
- (ii) The consideration payable referred to the balance sum of the consideration payable to the outgoing vendors of a subsidiary acquired in 2019. The consideration is payable subject to the subsidiary achieving certain performance milestones.



14. CONTRACT LIABILITIES

	30 June 2021 (Unaudited) MYR'000	31 December 2020 (Audited) MYR'000
Contract liabilities arising from receiving deposits of manufacturing orders	20,958	15,471

15. SHARE-BASED PAYMENT

On 1 April 2020, the Company adopted a share award scheme (the “**Share Award Scheme**” or the “**Scheme**”) in which the Group’s employees will be entitled to participate. For the six months ended 30 June 2021, a sum of approximately HKD2.1 million (equivalent to approximately MYR1.1 million) has been used to acquire 1,220,000 shares of the Company (the “**Shares**”) from the open market by the trustee of the Share Award Scheme. During 1H2021, a total of 3,800,602 shares were vested. The cost and fair value of the related vested shares were MYR3.8 million and MYR3.3 million respectively. The differences of MYR0.5 million were charged/credited to equity.

The purpose of the Scheme is to recognise the contributions by employees and to incentivise them to achieve the Group’s long-term business goals and objectives. The Scheme also serves as part of the Group’s employee retention program in retaining its existing employees and to attract suitable personnel for further development of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

While the “super cycle” experienced in the semiconductor industry maintaining its momentum, the ongoing COVID-19 pandemic has continued to drive volatility and uncertainty across the supply chain. With Malaysia experiencing a resurgence of COVID-19 active cases, the Government of Malaysia imposed various lockdown measures which among others, confined the operation of business activities to only essential businesses. The Group, being in the electronics and electrical industry, was allowed to carry out its business activities with a restricted workforce capacity during the first half of the year. Amid the lingering challenges in the current business environment, the Group achieved a new quarterly revenue record during the second quarter of 2021 at the level of MYR130.6 million which brought the Group to close its first half of 2021 with a revenue of MYR245.6 million, representing an increase of 21.0% as compared to the same period last year. The growth in revenue was primarily contributed by both the ATE and FAS segment which constituted approximately 72.0% and 28.0% of the total Group’s revenue respectively.

The below outlined the performance of the respective operating segments for the first half of year 2021 where elements of inter-segment transactions were included.

	Revenue		
	1H2021 (Unaudited) MYR'000	1H2020 (Unaudited) MYR'000	Fluctuation %
ATE	177,645	138,450	28.3%
FAS	70,753	67,153	5.4%



ATE segment

The ATE segment continued to contribute the larger portion of revenue and profit to the Group's results for the first half of 2021 at a revenue contribution rate of 72.0%. This segment recorded an increase in revenue of MYR39.2 million, representing a growth of 28.3%, to MYR177.6 million in 1H2021 as compared to the corresponding period in 2020. Given the continued recovery in the smartphone market with 5G capability and other incremental features, the electro-optical segment of the Group's business segment contributed MYR138.2 million in revenue for the 1H2021, representing a 53.8% growth as compared to 1H2020. The ATE segment also benefitted from the semiconductor industry where revenue from this business segment has shown a growth of 37.7% as compared to 1H2020. Given the global automotive industry's production is wiling under pressure from the supply chain challenges since beginning of the year, the Group's revenue from the automotive segment witnessed an overall drop of 7.2% in 1H2021 as compared to 1H2020. However, the Group expects the revenue contribution from the automotive segment to rebound in the second half of the year given the momentum of the Group's current order book and as the production of the global automotive industry normalise. Overall, barring any major deterioration of the COVID-19 pandemic situation, the Group continues to witness structural growth within its electro-optical and automotive segments.

FAS segment

In 1H2021, revenue from the FAS segment increased by approximately 5.4% to MYR70.8 million as compared to MYR67.1 million recorded in the corresponding period last year. The FAS segment has continued to chalk growth in 1H2021 with the increasing demand for the Group's i-ARMS (intelligent Automated Robotic Manufacturing System) albeit at a lower growth tangent as project's complexity undertaken by FAS segment requires a longer project lead time for revenue recognition. The FAS segment was predominantly contributed by the consumer and industrial products segment as well as the medical devices segment, where deployment of the Group's proprietary i-ARMS was more prevalent within these segments. Meanwhile, the COVID-19 pandemic may increase the adoption and transition towards automation as concerns regarding social distancing and spread of the virus has forced manufacturing companies and businesses worldwide towards digital technologies. Against the backdrop of this automation trend, the Group will leverage on its competitive advantages to further broaden the capability of its automation manufacturing solutions and continue to grow its FAS segment.



The following table sets out revenue breakdown by customers' segment for both the ATE segment and FAS segment:

	For the six months ended 30 June			
	2021 (Unaudited) MYR'000		2020 (Unaudited) MYR'000	
		%		%
Electro-Optical	138,243	56.2%	89,867	44.2%
Semiconductor	43,057	17.5%	31,269	15.4%
Automotive	25,930	10.6%	27,954	13.8%
Consumer and industrial products	23,977	9.8%	29,046	14.3%
Medical devices	14,403	5.9%	24,928	12.3%
	245,610	100.0%	203,064	100.0%

Gross margin

The Group achieved a gross margin of 29.4% and 29.8% for the second quarter and the first half of the year respectively, as opposed to 35.8% and 34.9% for the second quarter and the first half of year 2020 respectively. The contraction in gross profit margin was due primarily to lower margin product mix as a result of price adjustment for certain segments and projects. Additionally, product cost structure has increased because of higher purchase price of certain components and higher shipment cost, an impact from the supply chain constraint and the effects of the COVID-19 pandemic. In addition, the drop in gross margin was also attributable to the incurrence of prototyping cost for certain prototype projects where margin of these projects were generally lower. The development of these prototype projects were part of the Group's intensifying efforts in building up a more comprehensive product portfolio to achieve a more diverse revenue contribution by industry segment in the near term. Such initiatives are important for the Group to deliver profitability in a consistent and sustainable manner.



Other income

Other income of the Group mainly comprised of the movement arising from foreign exchange, interest income and deferred income. During the 1H2021, the Group recorded a gain on foreign exchange of approximately MYR8.4 million, arising mainly from the appreciation of the U.S. Dollar against MYR towards the end of 1H2021. Such gain on foreign exchange was offset by a loss from changes in fair value of foreign currency forward contracts (“**derivative loss**”) of approximately MYR4.7 million for the same period as recorded under the Group’s administrative expenses. Effectively, this has resulted in a net gain on foreign exchange of approximately MYR3.7 million in the first half of the year.

During the 1H2021, the Group had also recorded a total interest income of MYR2.0 million and deferred income of MYR1.7 million where such deferred income arose from the disposal of machinery which was acquired more than five years ago.

Administrative expenses

Administrative expenses of the Group mainly comprised of the movement arising from foreign exchange, professional fees and administrative staff cost. In 1H2021, the Group’s administrative expenses increased by MYR1.1 million from MYR20.7 million in 1H2020 to MYR21.7 million. This was mainly due to the following factors:

- (i) loss on disposal of a machinery of MYR1.7 million. However, such loss on disposal was offset by deferred income of MYR1.7 million recorded under other income.
- (ii) higher allowance from ECL on trade receivables by MYR0.2 million recorded for the first half of the year.
- (iii) higher amount of derivative loss of MYR4.7 million in the first half of 2021 as compared to a derivate loss of MYR4.0 million in 1H2020.

The above increase in costs were partially offset by:

- (i) lower administrative staff cost of MYR11.3 million in the first half of 2021 as compared to MYR12.4 million in 1H2020.



Profit for the period

The Group closed its first half of year 2021 with a net profit of MYR55.7 million, an increase of 5.6% from a net profit of MYR52.7 million recorded in 1H2020. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for the first half of 2021 stood at MYR61.4 million as compared to MYR58.7 million recorded in 1H2020, representing an increase of 4.5%. Basic earnings per share rose from MYR3.29 sen in 1H2020 to MYR3.48 sen in 1H2021.

Liquidity and financial resources

The financial position of the Group remains robust with its current ratio and gearing ratio as depicted in the following table:

	As at 30 June 2021 (Unaudited) MYR'000	As at 31 December 2020 (Audited) MYR'000	<i>Notes</i>
Current assets	547,095	482,786	
Current liabilities	156,902	119,148	
Current ratio (times)	3.49	4.05	<i>note 1</i>
Gearing ratio (%)	0.59	0.56	<i>note 2</i>

Notes:

- (1) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period.
- (2) Gearing ratio is calculated based on the total debts (being amount due to ultimate holding company, amounts due to a fellow subsidiary, finance lease liabilities and bank borrowing) divided by total equity as at the end of each respective year and multiply by 100.0%.



Liquidity and financial resources *(continued)*

The Group continued to maintain a healthy working capital of MYR390.2 million as at 30 June 2021 (31 December 2020: MYR363.6 million). Amid the systemic impact on global markets and businesses presented by the ongoing COVID-19 pandemic, the Group continued to generate positive net cash from operations of MYR50.7 million in 1H2021 (1H2020: MYR17.1 million), while its cash and cash equivalents increased from MYR300.3 million as at 31 December 2020 to MYR333.9 million as at 30 June 2021. Banking facilities of the Group remained at MYR19.5 million as at 30 June 2021 in the form of term loan and trade facilities (31 December 2020: MYR19.5 million), out of which the Group had utilised to-date MYR2.2 million to partly finance the purchase of leasehold land for the Group's second production plant in Batu Kawan, Penang.

Foreign exchange exposure

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and to a certain degree, purchases are principally transacted in U.S. dollar. The Group also holds other financial assets and liabilities denominated in foreign currencies. These are not the functional and reporting currencies of the Group to which the transactions relate.

As part of the Group's treasury policy to manage its foreign exchange exposure, the Group entered into foreign exchange forward contracts apart from maintaining U.S. dollar denominated bank accounts to minimise the effects of adverse exchange rate fluctuations on its financials.

Prospects

As 2021 remains an observance year with the ongoing threat of the COVID-19 pandemic, the Group has been confronting all sorts of uncertainties and volatilities in the form of supply chain constraint and disruptive logistics arrangement. Amid the challenges, the Group continuously put in place the necessary safety measures, operating procedures and system infrastructure to embrace the volatilities and uncertainties in an orderly sustainable manner to minimise disruption to its business operation. As the roll-out of vaccination is gathering pace globally and in Malaysia, the Group anticipates a more stable and favourable operating environment for its timely delivery commitment of projects on hand.

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



Prospects *(continued)*

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

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

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



Use of proceeds from the listing

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 19 January 2018 at the offer price of HK\$1.00 per share (the “**Listing**”). The proceeds (net of listing expenses) from the Listing were approximately HK\$171.3 million (equivalent to approximately MYR92.6 million). In accordance with the proposed use of net proceeds as set out in the section headed “Future plans and use of proceeds” in the Prospectus, the net proceeds utilised by the Group from the Listing Date up to 30 June 2021 are as follows:

Use of net proceeds	Amount of net proceeds earmarked		Use of proceeds from the Listing	Unutilised amount	Unutilised proportion	
	HK\$'million	MYR'million	Date up to 30 June 2021 MYR'million	MYR'million	%	
Capital investment and costs in relation to the new production plant and the expansion of the existing production plant	84.8	45.8	45.8	–	–	
Business expansion into the Greater China region	38.1	20.6	20.6	–	–	
Establishment of an office in California, U.S.	28.2	15.3	7.3	8.0	52.3	<i>Note</i>
Marketing, branding and promotional activities	3.1	1.7	1.7	–	–	
Working capital	17.1	9.2	9.2	–	–	
Total	171.3	92.6	84.6	8.0	8.6	

Note: Such unutilised proceeds will be utilised within the next five years starting from the Listing Date.

The Directors are not aware of any material change to the proposed use of proceeds as at the date of this report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus. The intended timeframe was based on the best estimation and assumption of future market conditions and industry development made by the Group as at the date of this report.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

(i) Interest in the Company

Name of Director	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Chuah Choon Bin	Beneficial owner	17,740,800(L)	1.11%
Ms. Gan Pei Joo	Beneficial owner	5,085,696(L)	0.32%
Dr. Chuah Jin Chong	Beneficial owner	112,000(L)	0.01%

(ii) Interest in an associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Chuah Choon Bin	PCB	Beneficial owner	140,420,120(L)	19.71%
		Interest in spouse (Note 2)	138,510(L)	0.02%
Ms. Gan Pei Joo	PCB	Beneficial owner	40,486(L)	0.01%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Mr. Chuah Choon Bin is deemed under the SFO to be interested in the 138,510 shares in PCB held by his spouse.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(continued)*

(ii) Interest in an associated corporation of the Company *(continued)*

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive or any of their spouses or children under 18 years of age, has any interest or short position in the shares, underlying shares or debentures of the Company or any of its specified undertakings or other associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2021, the interests and short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares <i>(Note)</i>	Approximate percentage of shareholding
PCB	Beneficial owner	1,009,535,993(L)	63.10%

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares of the Company which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Note: The letter "L" denotes the person's long position in the Shares.



EMPLOYEES AND REMUNERATION

The Group recognises its employees as one of the Group's most important assets. The Group strongly believes in hiring the right talent, nurturing and retaining these talented employees with competitive remuneration packages. Besides, the Group is committed to organising regular external and internal training programs to upgrade the employees' skill set, knowledge and job experience.

As at 30 June 2021, the total number of full time employees of the Group increased to 644 (31 December 2020: 612).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

Save for those disclosed in this report, there were no significant investments held with a value of 5% or above of the Group's total assets, nor were there material acquisitions or disposals of subsidiaries during the six months ended 30 June 2021. Apart those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 1,220,000 Shares at a total consideration of approximately HKD2.1 million (equivalent to approximately MYR1.1 million) during the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there is no significant subsequent event undertaken by the Company or by the Group after 30 June 2021 and up to the date of this report.



CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2021. Other than disclosed below, the Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The CG code provision A.2.1 requires that the roles of chairman and chief executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who manage the business. As detailed in the Annual Report, the Company currently has not appointed any chief executive. The day-to-day management of business has been properly delegated to different individuals by the Board. For further details, please refer to the section headed “Chairman and Chief Executive” in the Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions of the Directors (the “**Securities Dealing Code**”). Specific enquiries have been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code during the six months ended 30 June 2021 and up to the date of this report.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 19 December 2017 in compliance with the CG Code. As at the date of this report, the Audit Committee consists of two independent non-executive Directors namely Mr. Sim Seng Loong @ Tai Seng (being the chairman of the Audit Committee who has a professional qualification in accountancy) and Ms. Chan May May and one non-executive Director namely Mr. Leng Kean Yong. The Audit Committee is accountable to the Board and the primary duties of the Audit Committee include the review and supervision of the Group’s financial reporting process and internal controls.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021, including the applicable accounting policies and accounting standards adopted by the Group, and the applicable Listing Rules.