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**PENTAMASTER INTERNATIONAL LIMITED**

**檳傑科達國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1665)**

**UNAUDITED THIRD QUARTERLY RESULTS  
ANNOUNCEMENT FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2019**

The board (the "Board") of directors ("Directors") of Pentamaster International Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, "we", "us", "our" or the "Group") for the nine months ended 30 September 2019 (the "Period"), together with the comparative figures for the nine months ended 30 September 2018 ("Previous Corresponding Period") (*expressed in Ringgit Malaysia "MYR"*).

The unaudited third quarterly results of the Group is released in conjunction with the quarterly results announcement of Pentamaster Corporation Berhad, the holding company of the Company in Malaysia pursuant to the Listing Requirements of the Main Market of the Bursa Malaysia Securities Berhad.

## FINANCIAL HIGHLIGHTS

| For the nine months ended 30 September | <b>2019</b>        | 2018        |
|--|--------------------|-------------|
|  | <b>(Unaudited)</b> | (Unaudited) |
|  | <b>MYR'000</b>     | MYR'000     |
| Revenue                                | <b>361,612</b>     | 305,160     |
| Gross profit                           | <b>131,157</b>     | 98,380      |
| Profit for the period                  | <b>95,397</b>      | 71,599      |
| Adjusted profit for the period         | <b>95,397</b>      | 73,246      |
| Earnings per share (sen)               |                    |             |
| Basic and diluted                      | <b>5.96</b>        | 4.47        |

- Revenue of the Group was MYR361.6 million, representing an increase of 18.5% over the Previous Corresponding Period.
- Adjusted profit for the Period stood at MYR95.4 million, representing an increase of 30.2% over the Previous Corresponding Period.
- Cash and cash equivalents of MYR304.0 million as at 30 September 2019 against MYR217.7 million as at 31 December 2018.
- Order book of approximately MYR241.0 million based on purchase orders secured from our customers that is expected to be delivered in the remaining months of 2019 and the first half of 2020.

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2019

|   | Individual Quarter<br>3 Months Ended |                                     | Cumulative Year<br>Financial Period Ended |                                     |
|---|--------------------------------------|-------------------------------------|---|-------------------------------------|
|   | 30/9/2019<br>(Unaudited)<br>MYR'000  | 30/9/2018<br>(Unaudited)<br>MYR'000 | 30/9/2019<br>(Unaudited)<br>MYR'000       | 30/9/2018<br>(Unaudited)<br>MYR'000 |
| <b>Revenue</b>  | <b>124,633</b>                       | 105,789                             | <b>361,612</b>                            | 305,160                             |
| Cost of goods sold  | <b>(78,365)</b>                      | (71,015)                            | <b>(230,455)</b>                          | (206,780)                           |
| <b>Gross profit</b>   | <b>46,268</b>                        | 34,774                              | <b>131,157</b>                            | 98,380                              |
| Other income  | <b>3,582</b>                         | 1,142                               | <b>9,616</b>                              | 12,244                              |
| Administrative expenses   | <b>(14,549)</b>                      | (7,302)                             | <b>(34,255)</b>                           | (31,999)                            |
| Distribution costs  | <b>(1,930)</b>                       | (843)                               | <b>(5,348)</b>                            | (2,437)                             |
| Other operating expenses  | <b>(14)</b>                          | (32)                                | <b>(159)</b>                              | (125)                               |
| <b>Operating profit</b>   | <b>33,357</b>                        | 27,739                              | <b>101,011</b>                            | 76,063                              |
| Finance costs   | <b>(42)</b>                          | (46)                                | <b>(151)</b>                              | (143)                               |
| Share of results of an associate  | <b>(181)</b>                         | (9)                                 | <b>(307)</b>                              | (47)                                |
| <b>Profit before taxation</b>   | <b>33,134</b>                        | 27,684                              | <b>100,553</b>                            | 75,873                              |
| Taxation  | <b>533</b>                           | (1,644)                             | <b>(5,156)</b>                            | (4,274)                             |
| <b>Profit and total comprehensive income for the period</b>             | <b>33,667</b>                        | 26,040                              | <b>95,397</b>                             | 71,599                              |
| <b>Earnings per share attributable to owners of the Company (sen):-</b> |                                      |                                     |   |                                     |
| - Basic and diluted   | <b>2.10</b>                          | 1.63                                | <b>5.96</b>                               | 4.47                                |
| <b>One-off and non-recurring costs</b>                                  |                                      |                                     |   |                                     |
| Listing expenses  | -                                    | -                                   | -   | 1,647                               |
| Reported profit for the period  | <b>33,667</b>                        | 26,040                              | <b>95,397</b>                             | 71,599                              |
| Adjusted profit for the period  | <b>33,667</b>                        | 26,040                              | <b>95,397</b>                             | 73,246                              |

The unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months ended 30 September 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

|   | As at<br><b>30/9/2019</b><br><b>(Unaudited)</b><br><b>MYR'000</b> | As at<br>31/12/2018<br><b>(Audited)</b><br>MYR'000 |
|---|---|--|
| <b>ASSETS</b>                               |   |  |
| <b>Non-current assets</b>                   |   |  |
| Property, plant and equipment               | 71,775  | 64,034   |
| Leasehold land                              | 7,512   | 7,621  |
| Intangible assets                           | 28,227  | 1,697  |
| Investment in an associate                  | 4,489   | 3,046  |
|   | <b>112,003</b>  | 76,398   |
| <b>Current assets</b>                       |   |  |
| Inventories                                 | 78,716  | 138,115  |
| Trade receivables                           | 53,218  | 48,701   |
| Other receivables, deposits and prepayments | 16,147  | 16,212   |
| Amount due from ultimate holding company    | 5   | -  |
| Tax recoverable                             | 390   | 816  |
| Cash and cash equivalents                   | 303,981   | 217,705  |
|   | <b>452,457</b>  | 421,549  |
| <b>Total assets</b>                         | <b>564,460</b>  | 497,947  |

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

AS AT 30 SEPTEMBER 2019

|  | As at<br><b>30/9/2019</b><br><b>(Unaudited)</b><br><b>MYR'000</b> | As at<br>31/12/2018<br><b>(Audited)</b><br><b>MYR'000</b> |
|--|---|---|
| <b>EQUITY AND LIABILITIES</b>          |   |   |
| <b>EQUITY</b>                          |   |   |
| Share capital                          | 8,054   | 8,054   |
| Reserves                               | <u>394,884</u>  | <u>312,325</u>  |
| <b>Total equity</b>                    | <u>402,938</u>  | <u>320,379</u>  |
| <b>LIABILITIES</b>                     |   |   |
| <b>Non-current liabilities</b>         |   |   |
| Deferred income                        | 2,154   | 288   |
| Deferred consideration                 | <u>5,598</u>  | <u>-</u>  |
|  | <u>7,752</u>  | <u>288</u>  |
| <b>Current liabilities</b>             |   |   |
| Trade payables                         | 23,923  | 38,378  |
| Other payables, accruals and provision | 32,914  | 21,915  |
| Contract liabilities                   | 87,175  | 99,092  |
| Deferred consideration                 | 5,795   | -   |
| Amount due to ultimate holding company | -   | 8,207   |
| Amount due to a fellow subsidiary      | 9   | 6   |
| Derivative financial liabilities       | 287   | 4,810   |
| Finance lease liabilities              | -   | 36  |
| Bank borrowing                         | 3,453   | 3,680   |
| Provision for taxation                 | <u>214</u>  | <u>1,156</u>  |
|  | <u>153,770</u>  | <u>177,280</u>  |
| <b>Total liabilities</b>               | <u>161,522</u>  | <u>177,568</u>  |
| <b>Total equity and liabilities</b>    | <u><b>564,460</b></u>   | <u><b>497,947</b></u>                                     |

The unaudited condensed consolidated statement of financial position as at 30 September 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

| Equity attributable to owners of the Company         |               |               |                 |                  |                |
|--|---------------|---------------|-----------------|------------------|----------------|
|  | Share capital | Share premium | Capital reserve | Retained profits | Total equity   |
|  | MYR'000       | MYR'000       | MYR'000         | MYR'000          | MYR'000        |
| <b>As at 1 January 2019 (Audited)</b>                | <b>8,054</b>  | <b>84,936</b> | <b>44,477</b>   | <b>182,912</b>   | <b>320,379</b> |
| Profit and total comprehensive income for the period | -             | -             | -               | 95,397           | 95,397         |
| <i>Transactions with owners:</i>                     |               |               |                 |                  |                |
| Dividend   | -             | -             | -               | (12,838)         | (12,838)       |
| <b>As at 30 September 2019 (Unaudited)</b>           | <b>8,054</b>  | <b>84,936</b> | <b>44,477</b>   | <b>265,471</b>   | <b>402,938</b> |

| Equity attributable to owners of the Company                   |               |               |                 |                  |                |
|--|---------------|---------------|-----------------|------------------|----------------|
|  | Share capital | Share premium | Capital reserve | Retained profits | Total equity   |
|  | MYR'000       | MYR'000       | MYR'000         | MYR'000          | MYR'000        |
| <b>As at 1 January 2018 (Audited)</b>                          | <b>1</b>      | <b>-</b>      | <b>44,477</b>   | <b>82,903</b>    | <b>127,381</b> |
| Profit and total comprehensive income for the period           | -             | -             | -               | 71,599           | 71,599         |
| <i>Transaction with owners:</i>                                |               |               |                 |                  |                |
| Issuance of share capital pursuant to the Share Offer          | 967           | 92,022        | -               | -                | 92,989         |
| Issuance of share capital pursuant to the Capitalisation Issue | 7,086         | (7,086)       | -               | -                | -              |
| <b>As at 30 September 2018 (Unaudited)</b>                     | <b>8,054</b>  | <b>84,936</b> | <b>44,477</b>   | <b>154,502</b>   | <b>291,969</b> |

The unaudited condensed consolidated statement of changes in equity for the nine months ended 30 September 2019 should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

|   | <b>9 Months<br/>ended<br/>30/9/2019<br/>(Unaudited)</b> | 9 Months<br>ended<br>30/9/2018<br>(Unaudited) |
|---|---|---|
| <i>Note</i>   | <b>MYR'000</b>  | MYR'000                                       |
| <b>Cash flows from operating activities</b>                                       |   |   |
| Profit before taxation  | <b>100,553</b>  | 75,873  |
| Adjustments for :   |   |   |
| Amortisation of intangible assets   | <b>560</b>  | 685   |
| Amortisation of leasehold land  | <b>109</b>  | 46  |
| Deferred income released  | <b>(170)</b>  | (98)  |
| Depreciation  | <b>2,564</b>  | 1,660   |
| Interest expense  | <b>150</b>  | 143   |
| Interest income   | <b>(4,735)</b>  | (1,029)                                       |
| Gain on disposal of property, plant & equipment                                   | <b>(96)</b>   | -   |
| (Gain) / loss from changes in fair value of foreign<br>currency forward contracts | <b>(4,523)</b>  | 10,475  |
| Inventories written off   | <b>305</b>  | -   |
| Inventory written down –addition  | <b>2,395</b>  | 154   |
| Inventory written down –reversal  | <b>(106)</b>  | (11)  |
| Impairment loss on trade receivables –addition                                    | <b>2,824</b>  | -   |
| Impairment loss on trade receivables –reversal                                    | <b>(339)</b>  | -   |
| Share of results of an associate  | <b>307</b>  | 47  |
| Unrealised loss/(gain) on foreign exchange  | <b>123</b>  | (10,261)                                      |
| Operating profit before working capital changes                                   | <b>99,921</b>   | 77,684  |
| Decrease/(increase) in inventories  | <b>75,607</b>   | (4,669)                                       |
| Decrease/(increase) in receivables  | <b>5,005</b>  | (26,724)                                      |
| (Decrease)/increase in payables   | <b>(11,145)</b>   | 13,254  |
| (Decrease)/increase in contract liabilities                                       | <b>(30,867)</b>   | 16,798  |
| Net change in a fellow subsidiary's balance                                       | <b>3</b>  | (413)   |
| Cash generated from operations  | <b>138,524</b>  | 75,930  |
| Interest paid   | <b>(150)</b>  | (143)   |
| Tax paid  | <b>(6,046)</b>  | (3,007)                                       |
| Tax refunded  | <b>387</b>  | 25  |
| Net cash generated from operating activities                                      | <b>132,715</b>  | 72,805  |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

|   | <b>9 Months<br/>ended<br/>30/9/2019<br/>(Unaudited)</b> | 9 Months<br>ended<br>30/9/2018<br>(Unaudited) |
|---|---|---|
| <i>Note</i>   | <b>MYR'000</b>  | MYR'000                                       |
| <b>Cash flows from investing activities</b>                     |   |   |
| Interest received   | 4,735   | 1,029   |
| Proceeds from disposal of property, plant and equipment         | 215   | -   |
| Purchase of intangible assets                                   | (5,576)   | (1,356)                                       |
| Purchase of property, plant and equipment                       | (6,786)   | (27,397)                                      |
| Investment in an associate                                      | (1,750)   | (1,400)                                       |
| Net cash outflow on acquisition of a subsidiary                 | 1 <u>(15,379)</u>                                       | <u>-</u>                                      |
| Net cash used in investing activities                           | <u>(24,541)</u>   | <u>(29,124)</u>                               |
| <b>Cash flows from financing activities</b>                     |   |   |
| Repayments to ultimate holding company                          | (8,212)   | (1,066)                                       |
| Dividend paid   | (12,838)  | -   |
| Proceeds from issuance of share capital, net                    | -   | 92,989  |
| Repayment of finance lease liabilities                          | (36)  | (103)   |
| Repayment of term loan  | <u>(227)</u>  | <u>(239)</u>                                  |
| Net cash (used in)/generated from financing activities          | <u>(21,313)</u>   | <u>91,581</u>                                 |
| <b>Net increase in cash and cash equivalents</b>                | <b>86,861</b>   | 135,262                                       |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>217,705</b>  | 81,643  |
| <b>Effect of foreign exchange rate changes</b>                  | <u>(585)</u>  | <u>5,289</u>                                  |
| <b>Cash and cash equivalents at the end of the period</b>       | <b><u>303,981</u></b>                                   | <b><u>222,194</u></b>                         |



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

## 1. Acquisition of a subsidiary

On 26 September 2019, the Group entered into a sale and purchase agreement with all the existing shareholders of TP Concept Sdn. Bhd. ("TP") to acquire 100% equity interest in TP comprising 250,000 ordinary shares each fully paid up at consideration of MYR21,000,000 (the "Acquisition"). The conditions for completion of the sale and purchase agreement have been fulfilled and the Acquisition was completed on 27 September 2019. For further details, please refer to the announcements of the Company dated 26 September 2019 and 27 September 2019 respectively.

The fair value of assets and liabilities of TP as at date of the Acquisition were:

|   | MYR'000               |
|---|-----------------------|
| Property, plant and equipment   | 3,638                 |
| Inventories   | 18,803                |
| Trade and other receivables   | 11,484                |
| Cash and cash equivalents   | (6,379)               |
| Deferred income   | (2,036)               |
| Trade and other payables  | (26,631)              |
|   | <hr/>                 |
| Share of net liabilities acquired   | (1,121)               |
| Goodwill  | 21,514                |
| Total fair value of consideration transferred   | <hr/> <b>20,393</b>   |
| Satisfied by:   |                       |
| Cash consideration paid   | 9,000                 |
| Deferred consideration  | 11,393                |
|   | <hr/> <b>20,393</b>   |
| An analysis of the cash flow in respect of the acquisition of a subsidiary is as follows: |                       |
| Total cash paid   | (9,000)               |
| Less: cash and cash equivalents   | (6,379)               |
| Net cash outflow on acquisition of a subsidiary   | <hr/> <b>(15,379)</b> |

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's two reportable segments continue to chalk commendable growth for the nine months ended 30 September 2019. The reportable segments of the Group 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.

The performance of the respective operating segments for the nine months ended 30 September 2019 as compared to the Previous Corresponding Period is outlined as below:

### Unaudited results for the nine months ended 30 September 2019

|                                  | <b>Automated<br/>test<br/>equipment</b> | <b>Factory<br/>automation<br/>solutions</b> | <b>Adjustment</b> | <i>Note</i> | <b>Total</b>         |
|----------------------------------|---|---|-------------------|-------------|----------------------|
|                                  | <b>MYR'000</b>                          | <b>MYR'000</b>                              | <b>MYR'000</b>    |             | <b>MYR'000</b>       |
| <b>Revenue</b>                   |   |   |                   |             |                      |
| External customers               | 313,734                                 | 47,878                                      |                   |             | 361,612              |
| Inter-segment revenue            | 7,718                                   | 8,298                                       | (16,016)          | <i>(i)</i>  | -                    |
| Total revenue                    | <u>321,452</u>                          | <u>56,176</u>                               |                   |             | <u>361,612</u>       |
| <b>Results</b>                   |   |   |                   |             |                      |
| Segment results                  | 90,943                                  | 8,017                                       | (2,685)           |             | 96,275               |
| Interest income                  | 4,376                                   | 360   |                   |             | 4,736                |
| Interest expense                 | (151)                                   | -   |                   |             | (151)                |
| Share of results of an associate | -                                       | -   | (307)             |             | (307)                |
| Profit before taxation           | <u>95,168</u>                           | <u>8,377</u>                                |                   |             | <u>100,553</u>       |
| Taxation                         | <u>(5,120)</u>                          | <u>(36)</u>                                 |                   |             | <u>(5,156)</u>       |
| Profit for the period            | <u><u>90,048</u></u>                    | <u><u>8,341</u></u>                         |                   |             | <u><u>95,397</u></u> |

Unaudited results for the nine months ended 30 September 2018

|                                  | Automated<br>test<br>equipment<br>MYR'000 | Factory<br>automated<br>solutions<br>MYR'000 | Adjustment<br>MYR'000 | Note | Total<br>MYR'000     |
|----------------------------------|---|--|-----------------------|------|----------------------|
| <b>Revenue</b>                   |   |  |                       |      |                      |
| External customers               | 258,860                                   | 46,300                                       |                       |      | 305,160              |
| Inter-segment revenue            | 9,616                                     | 6,396  | (16,012)              | (i)  | -                    |
| Total revenue                    | <u>268,476</u>                            | <u>52,696</u>                                |                       |      | <u>305,160</u>       |
| <b>Results</b>                   |   |  |                       |      |                      |
| Segment results                  | 69,057                                    | 4,021  | 1,956                 |      | 75,034               |
| Interest income                  | 974                                       | 55   |                       |      | 1,029                |
| Interest expense                 | (143)                                     | -  | -                     |      | (143)                |
| Share of results of an associate | -   | -  | (47)                  |      | (47)                 |
| Profit before taxation           | <u>69,888</u>                             | <u>4,076</u>                                 |                       |      | <u>75,873</u>        |
| Taxation                         | <u>(4,266)</u>                            | <u>(8)</u>                                   |                       |      | <u>(4,274)</u>       |
| Profit for the period            | <u><u>65,622</u></u>                      | <u><u>4,068</u></u>                          |                       |      | <u><u>71,599</u></u> |

Note to segment information:

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

The Group recorded a higher revenue at MYR361.6 million for the nine months ended 30 September 2019 as compared to MYR305.2 million recorded in the Previous Corresponding Period, representing an increase of 18.5%. The Group's ATE and FAS segments contributed approximately 86.8% and 13.2% respectively to the Group's total revenue during the nine months ended 30 September 2019.

### ATE segment

This segment's revenue increased by MYR53.0 million to MYR321.5 million for the nine months ended 30 September 2019 as compared to the Previous Corresponding Period. The increase in revenue by approximately 19.7% was mainly attributable to the (i) continuous surge in demand for the Group's smart sensor test equipment and solutions, particularly its flagship test solutions in ambient and proximity sensors customised for the smart mobile device sector; (ii) the Group's exposure to 3D sensing technology through its supply of flood illuminator and dot projector test equipment; and (iii) the Group's increasing exposure to the automotive sector from the delivery of its test equipment for automotive power device and power management.

## FAS segment

Revenue from the FAS segment for the nine months ended 30 September 2019 was MYR56.2 million, which was MYR3.5 million higher than that of MYR52.7 million recorded in the Previous Corresponding Period, representing an increase of approximately 6.6%. The increase in revenue from this segment was mainly due to higher demand for the factory automation lines comprising the Group's proprietary intelligent Automated Robotic Manufacturing System ("i-ARMS") solutions and the automated manufacturing solution ("AMS") modules. Given the increasing adoption of automation technology along with the prevalence of Industry 4.0, this segment is witnessing progress in the application of i-ARMS solutions and AMS modules across a wider spectrum of industries, particularly the consumer and industrial products as well as the automotive segment.

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

| <b>For the nine months ended<br/>30 September</b> | <b>2019</b>           |                     | <b>2018</b>           |                     |
|---|-----------------------|---------------------|-----------------------|---------------------|
|   | <b>(Unaudited)</b>    |                     | <b>(Unaudited)</b>    |                     |
|   | <b>MYR'000</b>        | <b>%</b>            | <b>MYR'000</b>        | <b>%</b>            |
| Telecommunications                                | <b>251,803</b>        | <b>69.6</b>         | 228,729               | 75.0                |
| Automotive  | <b>48,339</b>         | <b>13.4</b>         | 34,526                | 11.3                |
| Consumer and industrial products                  | <b>30,990</b>         | <b>8.6</b>          | 8,349                 | 2.7                 |
| Semiconductor                                     | <b>29,463</b>         | <b>8.1</b>          | 30,015                | 9.8                 |
| Medical devices                                   | <b>1,017</b>          | <b>0.3</b>          | 698                   | 0.2                 |
| Others  | <b>-</b>              | <b>0.0</b>          | 2,843                 | 1.0                 |
|   | <b><u>361,612</u></b> | <b><u>100.0</u></b> | <b><u>305,160</u></b> | <b><u>100.0</u></b> |

## Gross margin

The Group achieved gross margin of 37.1% and 36.3% for the third quarter and the nine months ended 30 September 2019 respectively, as opposed to the gross margin of 32.9% and 32.2% for the third quarter and the previous corresponding nine-month period in year 2018. The improvement in the Group's gross margin was primarily attributable to projects with better margin secured by the Group over a broadened industry base during the Period. Adding to the gross margin improvement was increase in the output efficiency per engineer and project scalability with the increase in volume of repeat orders secured that is also able to command better gross margin.

## **Other income**

The Group's other income decreased from MYR12.2 million recorded in the Previous Corresponding Period to MYR9.6 million recorded for the nine months ended 30 September 2019. This is due to a gain on foreign exchange of approximately MYR10.7 million recorded in the Previous Corresponding Period while during the period ended 30 September 2019, the Group recorded a loss on foreign exchange captured under its administrative expenses. Such decrease was partially offset by the gain recognised from changes in fair value of foreign currency forward contracts of MYR4.5 million during the Period and an increase in interest income by MYR3.7 million. This gain, arising from the appreciation of MYR against the U.S. dollar towards the end of the Period, was offset by a net loss on foreign exchange of approximately MYR2.8 million as recorded under the administrative expenses. This has resulted in a net gain of approximately MYR1.7 million recognised on the foreign exchange during the Period.

## **Administrative expenses**

During the Period, the Group's administrative expenses increased by MYR2.3 million from MYR32.0 million in the Previous Corresponding Period to MYR34.3 million. This was mainly due to the following factors:

- (i) higher administrative staff cost by MYR9.4 million during the Period due to increase in staff incentive and remuneration; and
- (ii) allowance for doubtful debts of MYR2.5 million made during the Period. There was no allowance for doubtful debt in the Previous Corresponding Period.

The above increase in costs were partially offset by:

- (i) lesser loss on foreign exchange of MYR2.8 million during the Period while the Group recorded loss from changes in fair value of foreign currency forward contracts of MYR10.5 million in the Previous Corresponding Period; and
- (ii) non-recurring listing expenses of MYR 1.7 million incurred in the Previous Corresponding Period where there were no such expenses incurrence during the Period.

## **Profit for the Period**

The Group closed its nine months ended 30 September 2019 with a net profit of MYR95.4 million, an increase of 30.2% as compared to an adjusted net profit of MYR73.2 million achieved in the Previous Corresponding Period after excluding the one-off listing expenses incurred in the first quarter of 2018. Similarly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for the Period stood at MYR103.9 million as compared to the adjusted EBITDA of MYR80.1 million recorded in the Previous Corresponding Period, representing an increase of 29.7%. Basic earnings per share increased from MYR4.47 during the Previous Corresponding Period to MYR5.96 during the Period.

## Prospect

Based on the unaudited third quarterly results for the nine months ended 30 September 2019, the Group expects to end its financial year 2019 commendably despite the current challenging and volatile market situation in which the Group operates in. Going forward, the management anticipates positive business momentum mainly driven by (i) the increasing complexity and wider adoption of smart sensors; (ii) the prevalence of 3D sensing technology and the Group's broadening exposure in the optical and optoelectronics segments; (iii) the expansion in the FAS market given the prevalence of Industry 4.0; and (iv) the Group's continuous diversification and expansion into new segments particularly the automotive and medical industries. The Company's recent announcement on its acquisition of TP Concept Sdn. Bhd., a medical equipment provider, is a clear indication of the Group's proactive plan in broadening its exposure in the growing medical device segment.

The Group remains fundamentally focused on its operational capabilities and remains committed in creating value for its stakeholders such as hiring and retaining good employees while generating good returns to its shareholders and contributing positively to the community where it operates in. As it is, the Company and its parent company, Pentamaster Corporation Berhad, a company listed on the Main Market of the Bursa Malaysia Securities Berhad (PENT.MY:7160) is proud and honoured to be once again acknowledged by the capital market and the financial industry in Malaysia for its financial performance, where the Group was awarded the "**Highest Growth in Profit After Tax Over Three Years**" and "**Highest Returns to Shareholders Over Three Years**" for the technology sector in THE EDGE's Billion Ringgit Club ("BRC") award 2019.

## PUBLICATION OF THIRD QUARTERLY RESULTS ANNOUNCEMENT

This announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.pentamaster-international-ltd.com](http://www.pentamaster-international-ltd.com)) respectively.

By order of the Board  
**Pentamaster International Limited**  
**Chuah Choon Bin**  
*Chairman and Executive Director*

Malaysia, 7 November 2019

*As at the date of this announcement, the Board comprises Mr. Chuah Choon Bin and Ms. Gan Pei Joo as executive Directors; Mr. Leng Kean Yong as non-executive Director; and Ms. Chan May May, Dr. Chuah Jin Chong and Mr. Sim Seng Loong @ Tai Seng as independent non-executive Directors.*