

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2022**



**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Three Months Ended		Three Months Ended	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		45,491	41,661	45,491	41,661
Cost of sales		<u>(32,354)</u>	<u>(29,813)</u>	<u>(32,354)</u>	<u>(29,813)</u>
<b>Gross profit</b>		13,137	11,848	13,137	11,848
Other income		281	206	281	206
Administrative expenses		(7,082)	(5,959)	(7,082)	(5,959)
Other expenses		<u>(151)</u>	<u>(81)</u>	<u>(151)</u>	<u>(81)</u>
<b>Operating profit</b>		6,185	6,014	6,185	6,014
Finance income		113	44	113	44
Finance costs		(391)	(293)	(391)	(293)
Share of (loss)/profit in associates		<u>(96)</u>	<u>150</u>	<u>(96)</u>	<u>150</u>
<b>Profit before tax</b>		5,811	5,915	5,811	5,915
Tax expense	B5	<u>(1,446)</u>	<u>(1,419)</u>	<u>(1,446)</u>	<u>(1,419)</u>
<b>Profit for the period</b>		4,365	4,496	4,365	4,496
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>4,365</u></u>	<u><u>4,496</u></u>	<u><u>4,365</u></u>	<u><u>4,496</u></u>

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
(continued)**

	Note	Three Months Ended		Three Months Ended	
		31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000	31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
<b>Profit attributable to:</b>					
Owners of the Company		4,400	4,544	4,400	4,544
Non-controlling interests		<u>(35)</u>	<u>(48)</u>	<u>(35)</u>	<u>(48)</u>
		<u>4,365</u>	<u>4,496</u>	<u>4,365</u>	<u>4,496</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,400	4,544	4,400	4,544
Non-controlling interests		<u>(35)</u>	<u>(48)</u>	<u>(35)</u>	<u>(48)</u>
		<u>4,365</u>	<u>4,496</u>	<u>4,365</u>	<u>4,496</u>
<b>Earnings per share:</b>					
Basic (sen)	B11	<u>0.68</u>	<u>0.90</u>	<u>0.68</u>	<u>0.90</u>
Diluted (sen)	B11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

\*N/A denotes not applicable.

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2022**



**Condensed Consolidated Statement of Financial Position**

	Note	31.03.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		21,103	20,839
Investment property		150	151
Intangible assets		423	443
Investment in associates		8,493	8,589
<b>Total non-current assets</b>		<b>30,169</b>	<b>30,022</b>
<b>Current assets</b>			
Other investments		21,681	21,518
Inventories		29,062	34,276
Trade receivables		39,228	33,146
Contract assets		36,801	33,838
Other receivables		1,847	2,230
Amount due from associates		5,492	2,153
Tax recoverable		-	413
Fixed deposits with licensed banks		14,849	14,704
Cash and bank balances		9,606	28,199
<b>Total current assets</b>		<b>158,566</b>	<b>170,477</b>
<b>TOTAL ASSETS</b>		<b>188,735</b>	<b>200,499</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		93,516	93,516
Merger reserve		(50,080)	(50,080)
Retained earnings		80,315	75,915
		123,751	119,351
Non-controlling interests		63	98
<b>Total equity</b>		<b>123,814</b>	<b>119,449</b>

**Pekat Group Berhad (201901011563 (1320891-U))  
Interim Financial Report on Consolidated Results  
for the First Quarter Ended 31 March 2022**



**Condensed Consolidated Statement of Financial Position (continued)**

	Note	31.03.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>EQUITY AND LIABILITIES (continued)</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		920	899
Borrowings	B8	2,158	2,469
Deferred tax liabilities		263	263
<b>Total non-current liabilities</b>		3,341	3,631
<b>Current liabilities</b>			
Trade payables		16,339	34,791
Contract liabilities		6,574	10,628
Other payables		3,377	4,887
Amount due to a related party		-	20
Lease liabilities		307	301
Borrowings	B8	32,814	25,303
Tax payable		2,169	1,489
<b>Total current liabilities</b>		61,580	77,419
<b>Total liabilities</b>		64,921	81,050
<b>TOTAL EQUITY AND LIABILITIES</b>		188,735	200,499
<b>Net assets per share attributable to owners of the Company (RM)</b>		0.19	0.18

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2022**



**Unaudited Condensed Consolidated Statement of Changes in Equity**

	< -----Non-Distributable----- >		Distributable Retained Earnings	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Merger Reserve				
<u>Period ended 31 March 2022</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2022</b>	93,516	(50,080)	75,915	119,351	98	119,449
Total comprehensive income for the period	-	-	4,400	4,400	(35)	4,365
<b>At 31 March 2022</b>	93,516	(50,080)	80,315	123,751	63	123,814

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2022**



**Unaudited Condensed Consolidated Statement of Changes in Equity**

	< -----Non-Distributable----- >		Distributable Retained Earnings RM'000	Attributable to Owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Reserve RM'000				
<b><u>Period ended 31 March 2021</u></b>						
<b>At 1 January 2021</b>	550	-	63,256	63,806	70	63,876
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	50,080	(50,080)	-	-	-	-
Total comprehensive income for the period	-	-	4,544	4,544	(48)	4,496
<b>At 31 March 2021</b>	50,630	(50,080)	67,800	68,350	22	68,372

**Pekat Group Berhad (201901011563 (1320891-U))  
Interim Financial Report on Consolidated Results  
for the First Quarter Ended 31 March 2022**



**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	5,811	5,915
Adjustments for:		
Amortisation of intangible assets	37	33
Depreciation of property, plant and equipment	243	189
Dividend income	(8)	(9)
Fair value (gain)/loss on other investment	(55)	3
Interest expenses	391	293
Interest income	(113)	(44)
Reversal of provision for foreseeable losses	(5)	(49)
Reversal of impairment loss on trade receivables	-	(8)
Share of loss/(profit) in associates	96	(150)
Unrealised loss on foreign exchange	151	76
Written off of trade receivables	-	2
	<hr/>	<hr/>
Operating profit before working capital changes	6,548	6,251
Changes in working capital:		
Inventories	5,214	(999)
Receivables	(5,699)	1,115
Payables	(20,133)	(3,833)
Contract assets or liabilities	(7,012)	(4,296)
Associates	(3,339)	4,153
	<hr/>	<hr/>
Cash (used in)/generated from operations	(24,421)	2,391
Interest received	105	25
Tax paid	(353)	(1,431)
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(24,669)</b>	<b>985</b>

**Pekat Group Berhad (201901011563 (1320891-U))  
Interim Financial Report on Consolidated Results  
for the First Quarter Ended 31 March 2022**



**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**

	<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(17)	(8)
Acquisition of investment in associates	-	(3,150)
Acquisition of other investment	(108)	(909)
Acquisition of property, plant & equipment	(393)	(171)
Dividend received	8	9
Interest received	8	19
<b>Net cash used in investing activities</b>	<u>(502)</u>	<u>(4,210)</u>
<b>FINANCING ACTIVITIES</b>		
Placement of fixed deposits pledged with licensed banks	(145)	(146)
Interest paid	(391)	(293)
Net drawdown/(repayment) of bankers' acceptances	7,409	(79)
Net (repayment)/drawdown of term loan	(209)	36
Net repayment of lease liabilities	(86)	(148)
<b>Net cash from/(used in) financing activities</b>	<u>6,578</u>	<u>(630)</u>
<b>Net decrease in cash and cash equivalents</b>	(18,593)	(3,855)
<b>Cash and cash equivalents at beginning of financial period</b>	<u>28,199</u>	<u>15,076</u>
<b>Cash and cash equivalents at end of financial period</b>	<u><u>9,606</u></u>	<u><u>11,221</u></u>



**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**

	<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and cash equivalents included in the statement of cash flows comprise the followings:</b>		
Cash and bank balances	9,606	11,221
Fixed deposits with licensed banks	14,849	9,281
	<u>24,455</u>	<u>20,502</u>
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(14,849)	(9,281)
	<u>9,606</u>	<u>11,221</u>

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.

## **A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

### **A1. Basis of Preparation**

The interim financial report of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (collectively known as “the Group”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also complied with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes are an integral part of this interim financial report.

### **A2. Significant Accounting Policies**

Significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those as disclosed in the audited financial statements for the financial year ended 31 December 2021 of the Group.

At the date of authorisation of this interim financial report, the Group has not applied in advance the following accounting standards and interpretations that have been issued by the MASB but not yet effective:-

#### Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018-2020*”
- Amendments to MFRS 3: *Reference to the Conceptual Framework*
- Amendments to MFRS 116: *Proceeds before Intended Use*
- Amendments to MFRS 137: *Onerous Contracts – Cost of Fulfilling a Contract*

#### Effective for annual periods commencing on or after 1 January 2023

- MFRS 17: *Insurance Contracts*
- Amendments to MFRS 4: *Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 17: *Initial Application of MFRS 17 and MFRS 19: Comparative Information*
- Amendments to MFRS 17: *Insurance Contracts*
- Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101: *Disclosure of Accounting Policies*
- Amendments to MFRS 108: *Definition of Accounting Estimates*
- Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)**

**A2. Significant Accounting Policies (continued)**

The Group intends to adopt these new standards, amendments to the published standards and interpretations, if applicable, when they become effective. The initial application of the MFRSs and amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

**A3. Auditors' Report on Preceding Annual Financial Statements**

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021.

**A4. Seasonal or Cyclical Factors**

Save for certain business activities that were affected by international copper price and solar photovoltaic module price, the Group does not experience any material seasonality.

**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

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

**A6. Changes in Estimates**

There were no changes in estimates that have a material effect on the current financial quarter under review.

**A7. Debt and Equity Securities**

There were no significant issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review.

**A8. Dividend**

There was no dividend paid during the current financial quarter under review.

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**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)**

**A9. Segmental Reporting**

Segmental information in respect of the Group's business activities is as follow:-

<b>Period Ended 31 March 2022</b>	<b>Solar Photovoltaics RM'000</b>	<b>Earthing and Lightning Protection RM'000</b>	<b>Trading RM'000</b>	<b>Adjustments/ eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
Sales to external customers	26,912	8,167	10,412	-	45,491
Inter-segment sales	37	250	8,813	(9,100)	-
	<u>26,949</u>	<u>8,417</u>	<u>19,225</u>	<u>(9,100)</u>	<u>45,491</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	6,185
Finance income	113
Finance costs	(391)
Share of loss in associates	(96)
Profit before tax	<u>5,811</u>

<b>Period Ended 31 March 2021</b>	<b>Solar Photovoltaics RM'000</b>	<b>Earthing and Lightning Protection RM'000</b>	<b>Trading RM'000</b>	<b>Adjustments/ eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
Sales to external customers	26,825	7,758	7,078	-	41,661
Inter-segment sales	-	9	7,993	(8,002)	-
	<u>26,825</u>	<u>7,767</u>	<u>15,071</u>	<u>(8,002)</u>	<u>41,661</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	6,014
Finance income	44
Finance costs	(293)
Share of profit in associates	150
Profit before tax	<u>5,915</u>

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)**

**A10. Material Events Subsequent to the End of Current Financial Period**

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

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial period under review.

**A12. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent assets at the date of this interim financial report. Contingent liabilities of the Group were as follows:-

<u>Group</u>	<b>31.03.2022</b> <b>RM'000</b>	<b>31.12.2021</b> <b>RM'000</b>
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	35,122	36,375
Performance guarantee given by subsidiaries for performance of contracts to third parties	<u>6,038</u>	<u>6,387</u>
	<u>41,160</u>	<u>42,762</u>

**A13. Capital Commitments**

There were no capital commitments that are contracted but not provided for as at the date of this interim financial report.

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)**

**A14. Significant Related Party Transactions**

The Group has the following significant transactions with the related parties during the financial period under review:-

<b>Related parties</b>	<b>Nature of transactions</b>	<b>31.03.2022 RM'000</b>	<b>31.03.2021 RM'000</b>
Finesse Moulding (M) Sdn. Bhd.	- Subcontractor fee for design, supply and installation of solar photovoltaic systems	1,500	-
Rubberex Alliance Sdn. Bhd.	- Subcontractor fee for design, supply and installation of solar photovoltaic systems	2,552	-
Startige Corporation Sdn. Bhd.	- Rental expenses of office buildings	243	243

Finesse Moulding (M) Sdn. Bhd. and Rubberex Alliance Sdn. Bhd. are related parties in which a substantial shareholder of the Company has interest in.

Startige Corporation Sdn. Bhd. is a related party in which certain Directors are also the Directors of the Company.

The Directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Group's Performance**

	Quarter Ended		Changes	
	31.03.2022 RM'000	31.03.2021 RM'000	RM'000	%
Revenue	45,491	41,661	3,830	9.2
Profit before tax	5,811	5,915	(104)	(1.8)

For the financial quarter under review, the Group recorded revenue of RM45.5 million, of which RM26.9 million was contributed by solar photovoltaics ("PV") segment, RM8.2 million was from earthing and lightning protection ("E&LP") segment and RM10.4 million was from trading segment.

Revenue increased by RM3.8 million or 9.2% as compared to preceding year corresponding quarter ("Q1FY21") mainly due to higher revenue from trading segment of RM10.4 million as compared to RM7.1 million in Q1FY21. The transition to COVID-19 endemic phase has allowed industries to operate at full capacity and without restrictions. As such, there were more orders from trading segment being fulfilled and delivered to customers as compared to Q1FY21.

However, profit before tax decreased marginally by RM0.1 million or 1.8% as compared to Q1FY21 mainly due to higher administrative expenses. The increase in administrative expenses was in line with the Group's expansion of business activities which has resulted in higher staff related expenses.

**B2. Comparison with Immediate Preceding Quarter Results**

	Quarter Ended		Changes	
	31.03.2022 RM'000	31.12.2021 RM'000	RM'000	%
Revenue	45,491	54,402	(8,911)	(16.4)
Profit before tax	5,811	8,107	(2,296)	(28.3)

In comparison to immediate preceding quarter ("Q4FY21"), the Group's revenue decreased by RM8.9 million or 16.4% to RM45.5 million mainly due to lower revenue from solar PV segment of RM26.9 million as compared to RM34.9 million in Q4FY21. The decrease was mainly due to the completion of several projects in Q4FY21 and new projects' execution would require preliminary assessment and works on sites before the delivery and installation of solar panels could be done. During current financial quarter, several ongoing project sites were in the preliminary stage and hence the segment recorded a lower revenue.

In line with the decrease in revenue, the Group's profit before tax decreased by RM2.3 million or 28.3% to RM5.8 million as compared to RM8.1 million in Q4FY21.

**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B3. Commentary on Prospects**

The Malaysian Government has been steadfast in its commitment to achieve net-zero carbon emissions by 2050 and has addressed this matter in its recently announced 12<sup>th</sup> Malaysia Plan. Ambitious targets have been set such as to reduce greenhouse gases by 45% by 2030 in line with the 2015 Paris Agreement targets as well as to reach 31% and 40% of renewable energy in the national energy capacity by 2025 and 2035 respectively. In order to achieve these targets, several green technology tax incentives have been implemented by the government to promote green growth in Malaysia. On the back of government's dedication and supportive policies, the solar PV industry in the country is set to see an upwards trend.

With the increase in the national renewable energy adoption target, the Group expects there will be sizeable renewable energy quota to be offered by the Energy Commission of Malaysia for the years to come including new Large Scale Solar ("LSS") project tenders and additional Net Energy Metering ("NEM") quota in which the Group will participate accordingly. The recent win of a RM38.3 million engineering, procurement, construction and commissioning ("EPCC") contract for a 10MWac capacity project at Batang Padang, Perak will provide a necessary reference to the Group for LSS project's execution and completion which will benefit the Group in its future LSS project tenders. Preliminary assessment and site works had started and the project is expected to complete end-2023.

As the country moves into endemic phase of COVID-19, the lifting of restrictions on business activities augurs well for the recovery of the construction industry. The mandatory enforcement on the safety standards of lightning protection systems in the nation issued by the Energy Commission will also act as a catalyst for growth in the Group's E&LP business. Backed by the 21 years of experience in the supply and installation of E&LP systems, the Group constantly receives new orders related to the supply and installation of E&LP systems.

Since the end of the preceding quarter, the Group had secured new contracts with a combined value of RM61.3 million, of which RM50.2 million is from the solar PV segment and RM11.1 million is from the E&LP segment. The new contracts secured bring the Group's outstanding order book to RM209.0 million and will contribute positively to the Group's revenue for the financial years to come.

The Board of Directors expects challenging market conditions arising from increasing raw material prices and foreign currency fluctuations. However, the Group is well positioned to grow its order book and to improve on its operational efficiency.



**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B4. Profit Forecast**

No profit forecast has been issued by the Group previously in any public document.

**B5. Tax Expense**

	Three Months Ended		Three Months Ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Current tax	1,446	1,419	1,446	1,419
Deferred tax	-	-	-	-
Total tax expense	<u>1,446</u>	<u>1,419</u>	<u>1,446</u>	<u>1,419</u>
Effective tax rate (%)	24.9	24.0	24.9	24.0

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter/period under review was at 24.9% which was higher than the statutory tax rate of 24% mainly due to certain non-tax deductible expenses.

**B6. Status of Corporate Proposals**

Save for the following corporate proposals, there were no corporate proposals announced but not completed as at the date of this interim financial report.

**Ongoing corporate proposals**

On 23 May 2022, the Company issued a circular to its shareholders in relation to the following resolutions:

- Proposed variation to the utilisation of proceeds raised from the Initial Public Offering (“IPO”) undertaken by the Company;
- Proposed provision of corporate guarantee of up to RM45.0 million for financing facilities to be obtained by MFP Solar Sdn. Bhd., a 45%-owned associated company of Pekat Teknologi Sdn. Bhd., a wholly-owned subsidiary of the Company (“Pekat Teknologi”); and
- Proposed provision of corporate guarantee of up to RM12.0 million for financing facilities to be obtained by UP Solar Sdn. Bhd. (formerly known as Unimech Solar Sdn. Bhd.), a 40%-owned associated company of Pekat Teknologi.

The corporate proposals are subject to the approval from the shareholders of the Company at the forthcoming extraordinary general meeting to be convened.

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2022**



**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B7. Use of Proceeds Raised from IPO**

The Company has raised gross proceeds of RM44.37 million from the IPO exercise and they are proposed to be utilised as follow:-

<b>Details of use of proceeds</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviation in actual utilisation RM'000</b>	<b>Balance to be utilised RM'000</b>	<b>Estimated timeframe for the use of proceeds upon Listing</b>
(i) Construction of new head office and operational facility	18,000	-	-	18,000	March 2023
(ii) Working capital	12,674	(12,443)	173	404	Within 12 months
(iii) Repayment of bank borrowings	10,000	(10,000)	-	-	Within 3 months
(iv) Listing expenses	3,700	(3,527)	(173)	-	Within 1 month
	<u>44,374</u>	<u>(25,970)</u>	<u>-</u>	<u>18,404</u>	

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.



**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B8. Borrowings**

The details of the Group's borrowings are as follow:-

	<b>31.03.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
<u>Secured:-</u>		
Bankers' acceptances	31,853	24,444
Term loan	961	859
	<u>32,814</u>	<u>25,303</u>
<b>Non-current liabilities</b>		
<u>Secured:-</u>		
Term loan	2,158	2,469
Total borrowings	<u>34,972</u>	<u>27,772</u>

**B9. Material Litigation**

There is no outstanding material litigation as at the date of this interim financial report.

**B10. Dividend**

The Board of Directors did not declare or recommend any dividend for the current financial period under review.



**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B11. Earnings Per Share**

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company by weighted average number of ordinary shares in issue during the period:-

	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Profit attributable to owners of the Company (RM'000)	4,400	4,544	4,400	4,544
Weighted average number of shares in issue (Unit'000)	644,968	506,300	644,968	506,300
Basic earnings per share (sen)	<u>0.68</u>	<u>0.90</u>	<u>0.68</u>	<u>0.90</u>

(b) Diluted earnings per share

Not applicable. The Group does not have any financial instrument which may dilute its earnings per share.



**B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B12. Notes to Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Profit for the period was derived after taking into consideration of the following:-

	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>After crediting:-</b>				
Dividend income	(8)	(9)	(8)	(9)
Fair value gain on other investment	(55)	-	(55)	-
Interest income	(113)	(44)	(113)	(44)
Reversal of provision for foreseeable losses	(5)	(49)	(5)	(49)
Reversal of impairment loss on trade receivables	-	(8)	-	(8)
Share of profit in associates	-	(150)	-	(150)
<b>After charging:-</b>				
Amortisation of intangible assets	37	33	37	33
Depreciation of property, plant and equipment	243	189	243	189
Fair value loss on other investment	-	3	-	3
Interest expenses	391	293	391	293
Share of loss in associates	96	-	96	-
Unrealised loss on foreign exchange	151	76	151	76
Written off of trade receivables	-	2	-	2

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors on 24 May 2022.