

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the Second Quarter Ended 30 June 2022**



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

	Note	Three Months Ended		Six Months Ended	
		30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
Revenue		42,216	40,055	87,707	81,716
Cost of sales		<u>(33,327)</u>	<u>(31,852)</u>	<u>(65,681)</u>	<u>(61,665)</u>
<b>Gross profit</b>		8,889	8,203	22,026	20,051
Other income		348	295	629	501
Administrative expenses		(7,388)	(6,783)	(14,470)	(12,742)
Other expenses		<u>(30)</u>	<u>58</u>	<u>(181)</u>	<u>(23)</u>
<b>Operating profit</b>		1,819	1,773	8,004	7,787
Finance income		61	97	174	141
Finance costs		(534)	(247)	(925)	(540)
Share of profit/(loss) in associates		<u>111</u>	<u>(146)</u>	<u>15</u>	<u>4</u>
<b>Profit before tax</b>		1,457	1,477	7,268	7,392
Tax expense	B5	<u>(418)</u>	<u>(460)</u>	<u>(1,864)</u>	<u>(1,879)</u>
<b>Profit for the period</b>		1,039	1,017	5,404	5,513
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>1,039</u>	<u>1,017</u>	<u>5,404</u>	<u>5,513</u>

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

	Note	Three Months Ended		Six Months Ended	
		30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2021 Unaudited RM'000
<b>Profit attributable to:</b>					
Owners of the Company		1,070	1,043	5,470	5,587
Non-controlling interests		(31)	(26)	(66)	(74)
		<u>1,039</u>	<u>1,017</u>	<u>5,404</u>	<u>5,513</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,070	1,043	5,470	5,587
Non-controlling interests		(31)	(26)	(66)	(74)
		<u>1,039</u>	<u>1,017</u>	<u>5,404</u>	<u>5,513</u>
<b>Earnings per share:</b>					
Basic (sen)	B11	<u>0.17</u>	<u>0.20</u>	<u>0.85</u>	<u>1.09</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))  
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**Condensed Consolidated Statement of Financial Position**

	Note	30.06.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		21,672	20,839
Investment property		149	151
Intangible assets		416	443
Investment in associates		8,604	8,589
<b>Total non-current assets</b>		<u>30,841</u>	<u>30,022</u>
<b>Current assets</b>			
Other investments		8,348	21,518
Inventories		29,539	34,276
Trade receivables		39,397	33,146
Contract assets		41,190	33,838
Other receivables		2,177	2,230
Amount due from associates		4,577	2,153
Tax recoverable		-	413
Fixed deposits with licensed banks		15,465	14,704
Cash and bank balances		8,969	28,199
<b>Total current assets</b>		<u>149,662</u>	<u>170,477</u>
<b>TOTAL ASSETS</b>		<u><u>180,503</u></u>	<u><u>200,499</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		93,516	93,516
Merger reserve		(50,080)	(50,080)
Retained earnings		81,385	75,915
		<u>124,821</u>	<u>119,351</u>
Non-controlling interests		32	98
<b>Total equity</b>		<u>124,853</u>	<u>119,449</u>

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

	Note	30.06.2022 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		1,170	899
Borrowings	B8	1,936	2,469
Deferred tax liabilities		263	263
<b>Total non-current liabilities</b>		3,369	3,631
<b>Current liabilities</b>			
Trade payables		5,390	34,791
Contract liabilities		9,119	10,628
Other payables		5,439	4,887
Amount due to a related party		-	20
Lease liabilities		388	301
Borrowings	B8	30,256	25,303
Tax payable		1,689	1,489
<b>Total current liabilities</b>		52,281	77,419
<b>Total liabilities</b>		55,650	81,050
<b>TOTAL EQUITY AND LIABILITIES</b>		180,503	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))**  
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**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 30 June 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	-	-	5,470	5,470	(66)	5,404
<b>At 30 June 2022</b>	93,516	(50,080)	81,385	124,821	32	124,853

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.

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**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 30 June 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)	-	-	-	-
Issuance of shares	44,374	-	-	44,374	-	44,374
Share issuance expenses	(1,050)	-	-	(1,050)	-	(1,050)
Subscription of shares in a subsidiary by non- controlling interests	-	-	-	-	45	45
Total comprehensive income for the period	-	-	5,587	5,587	(74)	5,513
<b>At 30 June 2021</b>	<b>93,954</b>	<b>(50,080)</b>	<b>68,843</b>	<b>112,717</b>	<b>41</b>	<b>112,758</b>

**Pekat Group Berhad (201901011563 (1320891-U))  
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**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Six Months Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	7,268	7,392
Adjustments for:		
Amortisation of intangible assets	76	67
Depreciation of investment property	2	-
Depreciation of property, plant and equipment	509	387
Dividend income	(15)	(124)
Fair value (gain)/loss on other investment	(116)	3
Gain on disposal of property, plant and equipment	(36)	-
Interest expenses	925	540
Interest income	(174)	(141)
Reversal of provision for foreseeable losses	(8)	(355)
Reversal of impairment loss on trade receivables	-	(8)
Share of profit in associates	(15)	(4)
Unrealised loss/(gain) on foreign exchange	139	(32)
Written off of trade receivables	22	20
	<hr/>	<hr/>
Operating profit before working capital changes	8,577	7,745
Changes in working capital:		
Inventories	4,737	(10,044)
Receivables	(6,220)	(3,491)
Payables	(28,988)	(1,693)
Related party	(20)	-
Contract assets or liabilities	(8,853)	2,598
Associates	(2,424)	4,362
	<hr/>	<hr/>
Cash used in operations	(33,191)	(523)
Interest received	163	102
Tax paid	(1,251)	(2,297)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(34,279)</b>	<b>(2,718)</b>

**Pekat Group Berhad (201901011563 (1320891-U))**  
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**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**

	<b>Six Months Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(49)	(6)
Acquisition of investment in associates	-	(3,150)
Acquisition of property, plant & equipment	(1,342)	(364)
Dividend received	15	124
Interest received	11	39
Proceeds from disposal/(Acquisition) of other investment	13,286	(1,226)
Proceeds from disposal of property, plant and equipment	36	-
<b>Net cash from/(used in) investing activities</b>	<b>11,957</b>	<b>(4,583)</b>
<b>FINANCING ACTIVITIES</b>		
Placement of fixed deposits pledged with licensed banks	(761)	(3,936)
Interest paid	(925)	(540)
Net drawdown of bankers' acceptances	4,843	8,817
Net repayment of term loan	(423)	(113)
Net drawdown/(repayment) of lease liabilities	358	(261)
Proceeds from issuance of shares	-	44,374
Share issuance expenses	-	(1,050)
Proceeds from subscription of shares in a subsidiary by non-controlling interests	-	45
<b>Net cash from financing activities</b>	<b>3,092</b>	<b>47,336</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,230)</b>	<b>40,035</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>28,199</b>	<b>15,076</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>8,969</b>	<b>55,111</b>



**Pekat Group Berhad (201901011563 (1320891-U))  
Interim Financial Report on Consolidated Results  
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**Unaudited Condensed Consolidated Statement of Cash Flows (continued)**

	<b>Six Months Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</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	8,969	55,111
Fixed deposits with licensed banks	15,465	13,071
	24,434	68,182
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(15,465)	(13,071)
	8,969	55,111

- (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 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*

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.

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

**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.

**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 30 June 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	51,386	17,592	18,729	-	87,707
Inter-segment sales	426	63	14,306	(14,795)	-
	<u>51,812</u>	<u>17,655</u>	<u>33,035</u>	<u>(14,795)</u>	<u>87,707</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	8,004
Finance income	174
Finance costs	(925)
Share of profit in associates	15
Profit before tax	<u>7,268</u>

<b>Period Ended 30 June 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	52,352	15,188	14,176	-	81,716
Inter-segment sales	-	22	15,688	(15,710)	-
	<u>52,352</u>	<u>15,210</u>	<u>29,864</u>	<u>(15,710)</u>	<u>81,716</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	7,787
Finance income	141
Finance costs	(540)
Share of profit in associates	4
Profit before tax	<u>7,392</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>30.06.2022</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	35,605	36,375
Performance guarantee given by subsidiaries for performance of contracts to third parties	<u>5,070</u>	<u>6,387</u>
	<u>40,675</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>30.06.2022 RM'000</b>	<b>30.06.2021 RM'000</b>
Finesse Moulding (M) Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	1,920	-
Rubberex Alliance Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	2,672	434
Startige Corporation Sdn. Bhd.	- Rental expenses of office buildings	486	486

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**

	Three Months Ended				Six Months Ended			
	30.06.2022	30.06.2021	Variance		30.06.2022	30.06.2021	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Solar photovoltaics	24,474	25,527	(1,053)	(4.1)	51,386	52,352	(966)	(1.8)
- Earthing and lightning protection	9,425	7,430	1,995	26.9	17,592	15,188	2,404	15.8
- Trading	8,317	7,098	1,219	17.2	18,729	14,176	4,553	32.1
Total revenue	42,216	40,055	2,161	5.4	87,707	81,716	5,991	7.3
Profit after tax	1,039	1,017	22	2.2	5,404	5,513	(109)	(2.0)

**Comparison with Preceding Year Corresponding Quarter ("Q2 FY22" vs "Q2 FY21")**

The Group recorded revenue of RM42.2 million in Q2 FY22, of which RM24.5 million was contributed by solar photovoltaics ("PV") segment, RM9.4 million was from earthing and lightning protection ("E&LP") segment and RM8.3 million was from trading segment.

The increase in revenue of RM2.2 million or 5.4% over Q2 FY21 was due to higher revenue recorded in E&LP segment and trading segment. As economic activities resumed after the lifting of the Movement Control Order, the Group was able to execute more projects. The hike in revenue of E&LP segment was particularly due to execution of an industrial project in the Northern Region during Q2 FY22. The increase in revenue of trading segment was also a result of increased orders from customers following the reopening of economic activities.

In line with the increase in revenue, the Group's profit after tax for Q2 FY22 increased by 2.2% to RM1.0 million.

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

**B1. Review of Group's Performance (continued)**

**Comparison with Preceding Year Corresponding Period ("2Q FY22" vs "2Q FY21")**

The Group recorded revenue of RM87.7 million for 2Q FY22, of which RM51.4 million was contributed by solar PV segment, RM17.6 million was from E&LP segment and RM18.7 million was from trading segment.

2Q FY22's revenue was higher by RM6.0 million or 7.3% as compared to 2Q FY21 as first half of 2021 was still being affected by several movement restrictions imposed by the government. Since the reopening of economic activities, the Group's E&LP segment and trading segment had then recorded growth in revenue of RM2.4 million and RM4.6 million respectively as compared to 2Q FY21.

Profit after tax for 2Q FY22 stood at RM5.4 million, RM0.1 million or 2.0% lower as compared to RM5.5 million for 2Q FY21. The slight decrease in profit was mainly due to higher administrative expenses such as employee related expenses and selling and distribution expenses incurred by the Group for business expansion.

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

	Quarter Ended		Variance	
	30.06.2022 RM'000	31.03.2022 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	24,474	26,912	(2,438)	(9.1)
- Earthing and lightning protection	9,425	8,167	1,258	15.4
- Trading	8,317	10,412	(2,095)	(20.1)
Total revenue	42,216	45,491	(3,275)	(7.2)
Profit after tax	1,039	4,365	(3,326)	(76.2)

In comparison to immediate preceding quarter ("Q1 FY22"), the Group's revenue decreased by RM3.3 million or 7.2% to RM42.2 million mainly due to lower revenue from solar PV segment and trading segment. Several project sites were pending preliminary assessment and approval for commencement of works during current financial quarter and hence solar PV segment recorded a lower revenue in Q2 FY22. The lower revenue from trading segment in Q2 FY22 was due to higher number of customer orders were being fulfilled in Q1 FY22 for copper tapes, string inverters and surge protection devices.

In line with the decrease in revenue, the Group recorded lower profit after tax of RM1.0 million in Q2 FY22 as compared to RM4.4 million in Q1 FY22.



**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 the 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 more renewable energy quota to be offered by the Energy Commission of Malaysia in the future including new Large Scale Solar ("LSS") project tenders and additional Net Energy Metering ("NEM") quota in which the Group will participate accordingly. The design, supply and installation of the 10MWac LSS project at Batang Padang, Perak is progressing well in accordance to the project timeline and will contribute positively to the Group's top and bottom line for the financial year ending 2022 and 2023. Meanwhile, the Group will continue to intensify its effort and resources to secure more projects including state-linked projects on the back of our past track records as well as existing project references such as the projects with Indah Water Konsortium Sdn. Bhd. and Majlis Bandaraya Seberang Perai.

The outlook for E&LP business remains positive due to the mandatory enforcement on the safety standards of lightning protection systems in the nation issued by the Energy Commission and the lifting of restrictions on economic activities augurs well for the recovery of the construction industry. These catalysts for growth of E&LP business are evidenced by the new projects that the Group constantly secures in the Central, Northern and the Southern Region of Malaysia.

Since the end of the preceding quarter, the Group had secured new contracts with a combined value of RM49.0 million, of which RM44.4 million is from the solar PV segment and RM4.6 million is from the E&LP segment. The new contracts secured bring the Group's outstanding order book to RM207.6 million and will contribute positively to the Group's revenue for the financial years to come.

The Board of Directors expects challenging market conditions ahead 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		Six Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current tax	418	460	1,864	1,879
Deferred tax	-	-	-	-
Total tax expense	<u>418</u>	<u>460</u>	<u>1,864</u>	<u>1,879</u>
Effective tax rate (%)	28.7	31.1	25.6	25.4

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter/period under review was at 28.7% which was higher than the statutory tax rate of 24% mainly due to certain non-tax deductible expenses.

**B6. Status of Corporate Proposals**

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

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**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>Deviation <sup>(2)</sup> RM'000</b>	<b>Variation <sup>(3)</sup> RM'000</b>	<b>Revised utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance unutilised RM'000</b>	<b>Revised timeframe for utilisation of proceeds from the date of EGM <sup>(3)</sup></b>
Construction of new head office and operational facility	18,000	-	(18,000)	-	-	-	-
Working capital							
- Purchase of materials for projects	8,000	173	14,000	22,173	(19,069)	3,104	Within 12 months
- Project costs and expenses	4,000	-	4,000	8,000	(5,081)	2,919	Within 12 months
- Marketing expenses	500	-	-	500	(327)	173	Within 12 months
- General overheads	174	-	-	174	(174)	-	Within 12 months
Repayment of bank borrowings	10,000	-	-	10,000	(10,000)	-	Fully utilised
Listing expenses	3,700	(173)	-	3,527	(3,527)	-	Fully utilised
<b>Total</b>	<b>44,374</b>	<b>-</b>	<b>-</b>	<b>44,374</b>	<b>(38,178)</b>	<b>6,196</b>	

**Notes:-**

- (1) The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 2 June 2021.
- (2) The actual utilisation for listing expenses amounted to RM3.53 million. In accordance with section 4.10.1(iv) of the Prospectus, the excess arising therefrom amounting to RM0.17 million will be used for working capital purposes. Subsequently, the said deviation has been fully utilised as at the date of this report.
- (3) The proposed variation to the utilisation of proceeds raised from the IPO were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company held on 9 June 2022.



**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>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
<u>Secured:-</u>		
Bankers' acceptances	29,287	24,444
Term loan	969	859
	<u>30,256</u>	<u>25,303</u>
<b>Non-current liabilities</b>		
<u>Secured:-</u>		
Term loan	1,936	2,469
Total borrowings	<u>32,192</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>Six Months Ended</b>	
	<b>30.06.2022</b>	<b>30.06.2021</b>	<b>30.06.2022</b>	<b>30.06.2021</b>
Profit attributable to owners of the Company (RM'000)	1,070	1,043	5,470	5,587
Weighted average number of shares in issue (Unit'000)	644,968	518,491	644,968	512,429
Basic earnings per share (sen)	<u>0.17</u>	<u>0.20</u>	<u>0.85</u>	<u>1.09</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:-

	Three Months Ended		Six Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
<b>After charging/(crediting):-</b>				
Amortisation of intangible assets	39	34	76	67
Depreciation of investment property	1	-	2	-
Depreciation of property, plant and equipment	267	198	509	387
Dividend income	(7)	(115)	(15)	(124)
Fair value (gain)/loss on other investment	(61)	*	(116)	3
Gain on disposal of property, plant and equipment	(36)	-	(36)	-
Interest expenses	534	247	925	540
Interest income	(61)	(97)	(174)	(141)
Reversal of provision for foreseeable losses	(3)	(306)	(8)	(355)
Reversal of impairment loss on trade receivables	-	(8)	-	(8)
Share of (profit)/loss in associates	(111)	146	(15)	(4)
Unrealised (gain)/loss on foreign exchange	(12)	(108)	139	(32)
Written off of trade receivables	22	18	22	20

**Notes:-**

\* represents less than RM1,000.

**B13. Authorisation for Issue**

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