

**Pekati Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the Third Quarter Ended 30 September 2022**



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

	Note	Three Months Ended		Nine Months Ended	
		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
Revenue		46,489	40,114	134,196	121,830
Cost of sales		(35,186)	(31,198)	(100,867)	(92,863)
<b>Gross profit</b>		11,303	8,916	33,329	28,967
Other income		186	300	815	801
Administrative expenses		(7,173)	(7,388)	(21,643)	(20,130)
Other expenses		85	(113)	(96)	(136)
<b>Operating profit</b>		4,401	1,715	12,405	9,502
Finance income		90	68	264	209
Finance costs		(685)	(276)	(1,610)	(816)
Share of (loss)/profit in associates		(6)	344	9	348
<b>Profit before tax</b>		3,800	1,851	11,068	9,243
Tax expense	B5	(1,577)	(836)	(3,441)	(2,715)
<b>Profit for the period</b>		2,223	1,015	7,627	6,528
Other comprehensive income for the period, net of tax		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>2,223</u>	<u>1,015</u>	<u>7,627</u>	<u>6,528</u>

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

	Note	Three Months Ended		Nine Months Ended	
		30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2021 Unaudited RM'000
<b>Profit attributable to:</b>					
Owners of the Company		2,253	1,000	7,723	6,587
Non-controlling interests		(30)	15	(96)	(59)
		<u>2,223</u>	<u>1,015</u>	<u>7,627</u>	<u>6,528</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,253	1,000	7,723	6,587
Non-controlling interests		(30)	15	(96)	(59)
		<u>2,223</u>	<u>1,015</u>	<u>7,627</u>	<u>6,528</u>
<b>Earnings per share:</b>					
Basic (sen)	B11	<u>0.35</u>	<u>0.16</u>	<u>1.20</u>	<u>1.18</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 Third Quarter Ended 30 September 2022**



**Condensed Consolidated Statement of Financial Position**

	Note	30.09.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,300	20,839
Investment property		148	151
Intangible assets		382	443
Investment in associates		8,598	8,589
<b>Total non-current assets</b>		<u>32,428</u>	<u>30,022</u>
<b>Current assets</b>			
Other investments		4,585	21,518
Inventories		29,664	34,276
Trade receivables		40,363	33,146
Contract assets		38,525	33,838
Other receivables		5,173	2,230
Amount due from associates		5,191	2,153
Tax recoverable		-	413
Fixed deposits with licensed banks		14,250	14,704
Cash and bank balances		17,976	28,199
<b>Total current assets</b>		<u>155,727</u>	<u>170,477</u>
<b>TOTAL ASSETS</b>		<u><u>188,155</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		83,638	75,915
		127,074	119,351
Non-controlling interests		2	98
<b>Total equity</b>		<u>127,076</u>	<u>119,449</u>

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



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

	Note	30.09.2022 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		2,479	899
Borrowings	B8	1,713	2,469
Deferred tax liabilities		263	263
<b>Total non-current liabilities</b>		4,455	3,631
<b>Current liabilities</b>			
Trade payables		14,317	34,791
Contract liabilities		14,123	10,628
Other payables		5,197	4,887
Amount due to a related party		-	20
Lease liabilities		595	301
Borrowings	B8	21,126	25,303
Tax payable		1,266	1,489
<b>Total current liabilities</b>		56,624	77,419
<b>Total liabilities</b>		61,079	81,050
<b>TOTAL EQUITY AND LIABILITIES</b>		188,155	200,499
<b>Net assets per share attributable to owners of the Company (RM)</b>		0.20	0.19

(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 Third Quarter Ended 30 September 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 30 September 2022</u></b>						
<b>At 1 January 2022</b>	93,516	(50,080)	75,915	119,351	98	119,449
Total comprehensive income for the period	-	-	7,723	7,723	(96)	7,627
<b>At 30 September 2022</b>	93,516	(50,080)	83,638	127,074	2	127,076

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 Third Quarter Ended 30 September 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 30 September 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	(1,488)	-	-	(1,488)	-	(1,488)
Subscription of shares in a subsidiary by non- controlling interests	-	-	-	-	45	45
Total comprehensive income for the period	-	-	6,587	6,587	(59)	6,528
<b>At 30 September 2021</b>	93,516	(50,080)	69,843	113,279	56	113,335

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



**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Nine Months Ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	11,068	9,243
Adjustments for:		
Amortisation of intangible assets	115	103
Depreciation of investment property	3	-
Depreciation of property, plant and equipment	1,088	604
Dividend income	(18)	(254)
Fair value (gain)/loss on other investment	(149)	5
Gain on disposal of property, plant and equipment	(26)	-
Gain on termination of lease contract	(17)	-
Interest expenses	1,610	816
Interest income	(264)	(209)
Reversal of provision for foreseeable losses	(9)	(357)
Provision/(Reversal) of impairment loss on trade receivables	81	(8)
Share of profit in associates	(9)	(349)
Unrealised loss/(gain) on foreign exchange	3	(109)
Written off of trade receivables	13	32
	<hr/>	<hr/>
Operating profit before working capital changes	13,489	9,517
Changes in working capital:		
Inventories	4,612	(5,495)
Receivables	(10,254)	(931)
Payables	(20,167)	(6,922)
Related party	(20)	-
Contract assets or liabilities	(1,183)	(778)
Associates	(3,038)	7,997
	<hr/>	<hr/>
Cash (used in)/generated from operations	(16,561)	3,388
Interest received	239	156
Tax paid	(3,251)	(3,158)
	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>	<b>(19,573)</b>	<b>386</b>

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



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

	<b>Nine Months Ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(54)	(46)
Acquisition of investment in associates	-	(4,152)
Acquisition of property, plant & equipment	(1,269)	(1,658)
Dividend received	18	254
Interest received	25	53
Proceeds from disposal/(Acquisition) of other investment	17,082	(29,269)
Proceeds from disposal of property, plant and equipment	126	-
<b>Net cash from/(used in) investing activities</b>	<b>15,928</b>	<b>(34,818)</b>
<b>FINANCING ACTIVITIES</b>		
Advances to associates	-	(4,113)
Withdrawal/(Placement) of fixed deposits pledged with licensed banks	454	(6,816)
Interest paid	(1,610)	(816)
Net (repayment)/drawdown of bankers' acceptances	(4,296)	16,093
Net repayment of term loan	(637)	(10,279)
Net (repayment)/drawdown of lease liabilities	(489)	632
Proceeds from issuance of shares	-	44,374
Share issuance expenses	-	(1,488)
Proceeds from subscription of shares in a subsidiary by non-controlling interests	-	45
<b>Net cash (used in)/from financing activities</b>	<b>(6,578)</b>	<b>37,632</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(10,223)</b>	<b>3,200</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>17,976</b>	<b>18,276</b>



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



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

	<b>Nine Months Ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</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	17,976	18,276
Fixed deposits with licensed banks	14,250	15,951
	32,226	34,227
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(14,250)	(15,951)
	17,976	18,276

- (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*

#### Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*

#### 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.

**Pekat Group Berhad (201901011563 (1320891-U))**  
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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 30 September 2022 Revenue</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>
Sales to external customers	81,192	25,596	27,408	-	134,196
Inter-segment sales	1,496	381	19,645	(21,522)	-
	<u>82,688</u>	<u>25,977</u>	<u>47,053</u>	<u>(21,522)</u>	<u>134,196</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	12,405
Finance income	264
Finance costs	(1,610)
Share of profit in associates	9
Profit before tax	<u>11,068</u>

<b>Period Ended 30 September 2021 Revenue</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>
Sales to external customers	79,464	21,090	21,276	-	121,830
Inter-segment sales	1	24	20,033	(20,058)	-
	<u>79,465</u>	<u>21,114</u>	<u>41,309</u>	<u>(20,058)</u>	<u>121,830</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	9,502
Finance income	209
Finance costs	(816)
Share of profit in associates	348
Profit before tax	<u>9,243</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:-

<b><u>Group</u></b>	<b>30.09.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	31,421	36,375
Performance guarantee given by subsidiaries for performance of contracts to third parties	<u>7,480</u>	<u>6,387</u>
	<u>38,901</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>30.09.2022 RM'000</b>	<b>30.09.2021 RM'000</b>
Finesse Moulding (M) Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	2,823	-
Hextar Chemicals Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	604	-
Rubberex Alliance Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	2,672	2,288
Startige Corporation Sdn. Bhd.	- Rental expenses of office buildings	729	729

Finesse Moulding (M) Sdn. Bhd., Hextar Chemicals 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				Nine Months Ended			
	30.09.2022	30.09.2021	Variance		30.09.2022	30.09.2021	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Solar photovoltaics	29,806	27,112	2,694	9.9	81,192	79,464	1,728	2.2
- Earthing and lightning protection	8,004	5,902	2,102	35.6	25,596	21,090	4,506	21.4
- Trading	8,679	7,100	1,579	22.2	27,408	21,276	6,132	28.8
Total revenue	46,489	40,114	6,375	15.9	134,196	121,830	12,366	10.2
Profit after tax	2,223	1,015	1,208	119.0	7,627	6,528	1,099	16.8

**Comparison with Preceding Year Corresponding Quarter ("Q3 FY22" vs "Q3 FY21")**

The Group recorded revenue of RM46.5 million in Q3 FY22, of which RM29.8 million was contributed by solar photovoltaics ("PV") segment, RM8.0 million was from earthing and lightning protection ("E&LP") segment and RM8.7 million was from trading segment.

The increase in revenue of RM6.4 million or 15.9% over Q3 FY21 was contributed by growth recorded in all business segments. In addition to more commercial and industrial solar projects during Q3 FY22, the Group's residential solar energy business unit, Solaroo Systems Sdn. Bhd. which came into operations end of 2021, had also contributed to the growth of revenue for the segment. For E&LP segment, the hike in revenue was particularly due to the execution of project for an industrial customer located in Kulim District, Kedah. Consistent with the trend of solar PV and E&LP segment, our trading arm which sells solar energy and E&LP related products had also recorded higher sales in Q3 FY22.

In line with the increase in revenue, the Group's profit after tax for Q3 FY22 increased by 119% to RM2.2 million.

**Comparison with Preceding Year Corresponding Period ("9M FY22" vs "9M FY21")**

The Group recorded revenue of RM134.2 million for 9M FY22, of which RM81.2 million was contributed by solar PV segment, RM25.6 million was from E&LP segment and RM27.4 million was from trading segment.

9M FY22's revenue was higher by RM12.4 million or 10.2% as compared to 9M FY21 as the first half of 2021 was affected by several movement restrictions imposed by the government. Since the reopening of economic activities in early July 2021, all project sites resumed operations and the Group had also received more orders for trading segment which resulted in the higher revenue across all the business segments.



**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 ("9M FY22" vs "9M FY21") (continued)**

Administrative expenses increased by RM1.5 million or 7.5% mainly due to increase in selling and distribution expenses as the Group secured more contracts evidenced by the increase in the Group's outstanding order book. Rental expenses had also increased as we started to rent an additional building at Cubic Space, Kota Damansara to house the Group's solar division. Finance costs were higher at RM1.6 million for 9M FY22 as compared to RM0.8 million for 9M FY21 as the Group leveraged on bank facilities for purchases of materials such as solar panels.

In line with the increase in revenue, the Group's profit after tax for 9M FY22 increased by 16.8% to RM7.6 million.

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

	Quarter Ended		Variance	
	30.09.2022 RM'000	30.06.2022 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	29,806	24,474	5,332	21.8
- Earthing and lightning protection	8,004	9,425	(1,421)	(15.1)
- Trading	8,679	8,317	362	4.4
Total revenue	46,489	42,216	4,273	10.1
Profit after tax	2,223	1,039	1,184	114.0

In comparison to immediate preceding quarter ("Q2 FY22"), the Group's revenue increased by RM4.3 million or 10.1% to RM46.5 million mainly due to higher revenue from solar PV segment. The increase was mainly attributable to the commencement of installation works for several project sites. Execution of these projects during Q3 FY22 generates higher revenue in this quarter which make up the shortfall of revenue recorded by solar segment in Q2 FY22.

In line with the increase in revenue, the Group recorded higher profit after tax of RM2.2 million in Q3 FY22 as compared to RM1.0 million in Q2 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 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 according to the Malaysia Renewable Energy Roadmap. To achieve these targets, green technology tax incentives which were first introduced in 2014 have been extended several times in Malaysian Budgets 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 increased national renewable energy adoption targets, the Group is optimistic that 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 quota in which the Group will participate accordingly.

Preliminary design and works of the 10MWac LSS project at Batang Padang have commenced, and the delivery of materials and installation works are targeted to commence end of 2022 or Q1 2023. Projects with Indah Water Konsortium Sdn. Bhd. and Majlis Bandaraya Seberang Perai are also progressing well towards completion and these projects are essential to the Group to build its project references for future tender of LSS and state-linked projects. In addition to its existing offerings ranging from design, supply and installation of solar PV systems to Operation and Maintenance of the solar PV systems as well as Power Purchase Agreements, the Group constantly identifies new opportunities and untapped markets to grow its capabilities as a comprehensive solar energy service provider on the market.

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 recovery of the construction industry following the lifting of restrictions on economic activities. Tapping into these opportunities, the Group's E&LP division constantly receives new projects from clients throughout the Peninsular Malaysia.

Since the end of the preceding quarter, the Group had secured new contracts with a combined value of RM36.1 million, of which RM29.5 million is from the solar PV segment and RM6.6 million is from the E&LP segment. The new contracts secured bring the Group's outstanding order book to RM206.6 million and will contribute positively to the Group's earnings 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		Nine Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current tax	1,577	836	3,441	2,715
Deferred tax	-	-	-	-
Total tax expense	<u>1,577</u>	<u>836</u>	<u>3,441</u>	<u>2,715</u>
Effective tax rate (%)	41.5	45.2	31.1	29.4

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter/period under review was at 41.5% and 31.1% respectively which were higher than the statutory tax rate of 24% mainly due to certain non-tax deductible expenses and under provision of tax expense in prior year.

**B6. Status of Corporate Proposals**

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

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the Third Quarter Ended 30 September 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>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	(22,019)	154	Within 12 months
- Project costs and expenses	4,000	-	4,000	8,000	(7,431)	569	Within 12 months
- Marketing expenses	500	-	-	500	(454)	46	Within 12 months
- General overheads	174	-	-	174	(174)	-	Fully utilised
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>(43,605)</b>	<b>769</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>30.09.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
<u>Secured:-</u>		
Bankers' acceptances	20,148	24,444
Term loan	978	859
	<u>21,126</u>	<u>25,303</u>
<b>Non-current liabilities</b>		
<u>Secured:-</u>		
Term loan	1,713	2,469
Total borrowings	<u>22,839</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>Nine Months Ended</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
Profit attributable to owners of the Company (RM'000)	2,253	1,000	7,723	6,587
Weighted average number of shares in issue (Unit'000)	644,968	644,968	644,968	557,094
Basic earnings per share (sen)	<u>0.35</u>	<u>0.16</u>	<u>1.20</u>	<u>1.18</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		Nine Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
<b>After charging/(crediting):-</b>				
Amortisation of intangible assets	39	36	115	103
Depreciation of investment property	1	-	3	-
Depreciation of property, plant and equipment	579	217	1,088	604
Dividend income	(3)	(130)	(18)	(254)
Fair value (gain)/loss on other investment	(33)	2	(149)	5
Gain on termination of lease contract	(17)	-	(17)	-
Loss/(Gain) on disposal of property, plant and equipment	10	-	(26)	-
Interest expenses	685	276	1,610	816
Interest income	(90)	(68)	(264)	(209)
Reversal of provision for foreseeable losses	(1)	(2)	(9)	(357)
Provision/(Reversal) of impairment loss on trade receivables	81	(8)	81	(8)
Share of loss/(profit) in associates	6	(345)	(9)	(349)
Unrealised (gain)/loss on foreign exchange	(136)	(77)	3	(109)
Written-off of trade receivables	(9)	12	13	32

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors on 22 November 2022.