

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



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

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Revenue		45,030	56,696	179,226	178,526
Cost of sales		<u>(33,281)</u>	<u>(40,176)</u>	<u>(134,148)</u>	<u>(133,039)</u>
<b>Gross profit</b>		11,749	16,520	45,078	45,487
Other income		651	1,170	1,466	1,971
Administrative expenses		(8,547)	(8,165)	(30,190)	(28,295)
Other expenses		<u>(413)</u>	<u>(1,447)</u>	<u>(509)</u>	<u>(1,583)</u>
<b>Operating profit</b>		3,440	8,078	15,845	17,580
Finance income		156	141	420	350
Finance costs		(195)	(164)	(1,805)	(980)
Share of (loss)/profit in associates		<u>(33)</u>	<u>139</u>	<u>(24)</u>	<u>487</u>
<b>Profit before tax</b>		3,368	8,194	14,436	17,437
Tax expense	B5	<u>(965)</u>	<u>(2,080)</u>	<u>(4,406)</u>	<u>(4,795)</u>
<b>Profit for the year</b>		2,403	6,114	10,030	12,642
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>2,403</u>	<u>6,114</u>	<u>10,030</u>	<u>12,642</u>

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

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>Profit attributable to:</b>					
Owners of the Company		2,319	6,071	10,042	12,659
Non-controlling interests		84	43	(12)	(17)
		<u>2,403</u>	<u>6,114</u>	<u>10,030</u>	<u>12,642</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		2,319	6,071	10,042	12,659
Non-controlling interests		84	43	(12)	(17)
		<u>2,403</u>	<u>6,114</u>	<u>10,030</u>	<u>12,642</u>
<b>Earnings per share:</b>					
Basic (sen)	B11	<u>0.36</u>	<u>0.94</u>	<u>1.56</u>	<u>2.19</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	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,321	20,839
Investment property		147	151
Intangible assets		332	443
Investment in associates		10,050	8,589
<b>Total non-current assets</b>		<b>33,850</b>	<b>30,022</b>
<b>Current assets</b>			
Other investments		4,618	21,518
Inventories		25,596	34,276
Trade receivables		40,947	33,146
Contract assets		38,692	33,838
Other receivables		1,661	2,230
Amount due from associates		8,900	2,153
Tax recoverable		-	413
Fixed deposits with licensed banks		14,907	14,704
Cash and bank balances		14,086	28,199
<b>Total current assets</b>		<b>149,407</b>	<b>170,477</b>
<b>TOTAL ASSETS</b>		<b>183,257</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		85,957	75,915
		129,393	119,351
Non-controlling interests		86	98
<b>Total equity</b>		<b>129,479</b>	<b>119,449</b>

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

	Note	31.12.2022 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		2,435	899
Borrowings	B8	1,487	2,469
Deferred tax liabilities		288	263
<b>Total non-current liabilities</b>		4,210	3,631
<b>Current liabilities</b>			
Trade payables		4,822	34,791
Contract liabilities		19,895	10,628
Other payables		4,699	4,887
Amount due to a related party		-	20
Lease liabilities		616	301
Borrowings	B8	19,495	25,303
Tax payable		41	1,489
<b>Total current liabilities</b>		49,568	77,419
<b>Total liabilities</b>		53,778	81,050
<b>TOTAL EQUITY AND LIABILITIES</b>		183,257	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.

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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>Year ended 31 December 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 year	-	-	10,042	10,042	(12)	10,030
<b>At 31 December 2022</b>	93,516	(50,080)	85,957	129,393	86	129,479

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>Year ended 31 December 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 year	-	-	12,659	12,659	(17)	12,642
<b>At 31 December 2021</b>	93,516	(50,080)	75,915	119,351	98	119,449

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

	<b>Twelve Months Ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	14,436	17,437
Adjustments for:		
Amortisation of intangible assets	154	193
Bad debts written off	55	192
Depreciation of investment property	4	-
Depreciation of property, plant and equipment	1,518	799
Dividend income	(19)	(346)
Fair value gain on other investment	(181)	(1)
Gain on disposal of property, plant and equipment	(26)	-
Gain on termination of lease contract	(17)	-
Impairment loss on contract assets	366	413
Impairment loss on intangible assets	-	93
Impairment loss on trade receivables	1,483	1,491
Interest expenses	1,805	980
Interest income	(420)	(350)
Inventories written down	302	1
Reversal of impairment loss on contract assets	(220)	(414)
Reversal of impairment loss on trade receivables	(1,587)	(717)
Reversal of inventories written down	(107)	(111)
Reversal of provision for foreseeable losses	(15)	(410)
Share of loss/(profit) in associates	24	(487)
Unrealised loss/(gain) on foreign exchange	142	(172)
Operating profit before working capital changes	17,697	18,591
Changes in working capital:		
Inventories	8,485	(23,147)
Receivables	(7,183)	(3,773)
Payables	(30,299)	16,786
Contract assets or liabilities	4,282	(7,545)
Associates	(6,963)	7,311
Cash (used in)/generated from operations	(13,981)	8,223
Interest received	76	28
Tax paid	(5,416)	(5,031)
<b>Net cash (used in)/from operating activities</b>	<b>(19,321)</b>	<b>3,220</b>

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

	<b>Twelve Months Ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(43)	(89)
Acquisition of investment in associates	(1,485)	(5,952)
Acquisition of property, plant & equipment	(1,650)	(779)
Repayment from/(Advances to) associates	251	(224)
Dividend received	19	346
Interest received	81	63
Proceeds from disposal/(Acquisition) of other investment	17,081	(20,358)
Proceeds from disposal of property, plant and equipment	56	-
Proceeds from subscription of shares in a subsidiary by non-controlling interests	-	45
<b>Net cash from/(used in) investing activities</b>	<b>14,310</b>	<b>(26,948)</b>
<b>FINANCING ACTIVITIES</b>		
(Repayment to)/Advance from a related party	(20)	20
Placement of fixed deposits pledged with licensed banks	(203)	(5,569)
Interest paid	(1,805)	(980)
Interest received	228	161
Net (repayment)/drawdown of bankers' acceptances	(4,713)	9,997
Net repayment of term loan	(855)	(10,497)
Net drawdown of other borrowings	(1,222)	1,222
Net (repayment)/drawdown of lease liabilities	(512)	(389)
Proceeds from issuance of shares, net of share issuance expenses	-	42,886
<b>Net cash (used in)/from financing activities</b>	<b>(9,102)</b>	<b>36,851</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,113)</b>	<b>13,123</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>28,199</b>	<b>15,076</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>14,086</b>	<b>28,199</b>



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

	<b>Twelve Months Ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>Unaudited</b>	<b>Audited</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	14,086	28,199
Fixed deposits with licensed banks	14,907	14,704
	28,993	42,903
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(14,907)	(14,704)
	14,086	28,199

- (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 year under review.

**A8. Dividend**

There was no dividend paid during the current financial year 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>Year Ended 31 December 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	108,386	33,556	37,284	-	179,226
Inter-segment sales	3,114	391	24,183	(27,688)	-
	<u>111,500</u>	<u>33,947</u>	<u>61,467</u>	<u>(27,688)</u>	<u>179,226</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	15,845
Finance income	420
Finance costs	(1,805)
Share of loss in associates	(24)
Tax expense	(4,406)
Profit after tax	<u>10,030</u>

<b>Year Ended 31 December 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	116,677	28,993	32,856	-	178,526
Inter-segment sales	1,744	37	27,317	(29,098)	-
	<u>118,421</u>	<u>29,030</u>	<u>60,173</u>	<u>(29,098)</u>	<u>178,526</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	17,580
Finance income	350
Finance costs	(980)
Share of profit in associates	487
Tax expense	(4,795)
Profit after tax	<u>12,642</u>



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

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

There were no other material events subsequent to the end of current financial year 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 year 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>31.12.2022</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	23,736	36,375
Performance guarantee given by subsidiaries for performance of contracts to third parties	<u>7,358</u>	<u>6,387</u>
	<u><u>31,094</u></u>	<u><u>42,762</u></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 year under review:-

<b>Related parties</b>	<b>Nature of transactions</b>	<b>31.12.2022 RM'000</b>	<b>31.12.2021 RM'000</b>
Finesse Moulding (M) Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	3,100	-
Hextar Chemicals Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	712	-
Rubberex Alliance Sdn. Bhd.	- Design, supply and installation of solar photovoltaic systems	2,672	2,268
Startige Corporation Sdn. Bhd.	- Rental expenses of office buildings	972	972

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				Twelve Months Ended			
	31.12.2022	31.12.2021	Variance		31.12.2022	31.12.2021	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Solar photovoltaics	27,194	37,213	(10,019)	(26.9)	108,386	116,677	(8,291)	(7.1)
- Earthing and lightning protection	7,960	7,903	57	0.7	33,556	28,993	4,563	15.7
- Trading	9,876	11,580	(1,704)	(14.7)	37,284	32,856	4,428	13.5
Total revenue	45,030	56,696	(11,666)	(20.6)	179,226	178,526	700	0.4
Profit after tax	2,403	6,114	(3,711)	(60.7)	10,030	12,642	(2,612)	(20.7)

**Comparison with Preceding Year Corresponding Quarter ("Q4 FY22" vs "Q4 FY21")**

The Group recorded revenue of RM45.03 million in Q4 FY22, of which RM27.19 million was contributed by solar photovoltaics ("PV") segment, RM7.96 million was from earthing and lightning protection ("E&LP") segment and RM9.88 million was from trading segment.

The decrease in revenue of RM11.67 million or 20.6% over Q4 FY21 was mainly due to lower execution of projects for solar PV segment. Certain project sites that were supposedly executed in Q4 FY22 have not obtained the relevant approval from authorities and hence unable to contribute to the Group's revenue.

In line with the decrease in revenue, the Group's profit after tax for Q4 FY22 decreased by 60.7% to RM2.40 million.

**Comparison with Preceding Year ("FY22" vs "FY21")**

The Group recorded revenue of RM179.23 million for FY22, of which RM108.39 million was contributed by solar PV segment, RM33.56 million was from E&LP segment and RM37.28 million was from trading segment.

The Group's revenue in FY22 is slightly higher than FY21, which represents an increase of RM0.7 million or 0.4% over FY21. The decrease in the revenue contribution by solar PV segment of RM8.29 million or 7.1% due to lower execution of projects was mitigated by growth in the other segments, namely E&LP and trading segment which have recorded growth of 15.7% and 13.5% over their FY21's revenue respectively.

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

The Group recorded a lower profit after tax of RM10.03 million, representing a decrease of RM2.61 million or 20.7% over FY21. This was mainly contributed by lower gross profit margin recorded due to soaring material prices in FY22 as a result of weakened Ringgit Malaysia against United States Dollar which is the main foreign currency that the Group transacts in. Administrative expenses increased by RM1.9 million or 6.7% over FY21 mainly due to higher staff costs as the Group has higher headcount as compared to FY21 as well as adjustments on employees' remuneration package for talent retention. In addition, the Group leveraged more on trade facilities for oversea purchases such as solar panels and copper tapes, resulted in higher finance costs which further reduced the Group's profit.

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

	Quarter Ended		Variance	
	31.12.2022 RM'000	30.09.2022 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	27,194	29,806	(2,612)	(8.8)
- Earthing and lightning protection	7,960	8,004	(44)	(0.5)
- Trading	9,876	8,679	1,197	13.8
Total revenue	45,030	46,489	(1,459)	(3.1)
Profit after tax	2,403	2,223	180	8.1

In comparison to immediate preceding quarter ("Q3 FY22"), the Group's revenue decreased by RM1.46 million or 3.1% to RM45.03 million mainly due to lower execution of projects in solar PV segment. The Group's trading arm recorded higher revenue as compared to Q3 FY22 due to higher sales orders which had mitigated the lower project revenue from solar PV segment.

Despite lower revenue recorded by the Group in Q4 FY22, the Group recorded higher profit after tax of RM2.4 million. This was mainly due to higher tax expenses provided in Q3 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 upward 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. In October 2022, the Government has also introduced Corporate Green Power Programme ("CGPP") with a 600MW quota, where corporate customers can purchase solar generated energy through virtual power purchase agreement without the need to install or to be located near a solar PV system. The CGPP could provide another opportunity for the Group to explore with its partners on potential investments.

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 Peninsular Malaysia.

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.

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



**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		Twelve Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Current tax	940	2,054	4,381	4,769
Deferred tax	25	26	25	26
Total tax expense	<u>965</u>	<u>2,080</u>	<u>4,406</u>	<u>4,795</u>
Effective tax rate (%)	28.7	25.4	30.5	27.5

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter/year under review was at 28.7% and 30.5% respectively which were 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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**Interim Financial Report on Consolidated Results**  
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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	(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	(500)	-	Fully utilised
- 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>(43,651)</b>	<b>723</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>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
<u>Secured:-</u>		
Bankers' acceptances	18,509	24,444
Term loan	986	859
	<u>19,495</u>	<u>25,303</u>
<b>Non-current liabilities</b>		
<u>Secured:-</u>		
Term loan	1,487	2,469
Total borrowings	<u>20,982</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 year 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 year attributable to owners of the Company by weighted average number of ordinary shares in issue during the year:-

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Profit attributable to owners of the Company (RM'000)	2,319	6,071	10,042	12,659
Weighted average number of shares in issue (Unit'000)	644,968	644,968	644,968	579,243
Basic earnings per share (sen)	<u>0.36</u>	<u>0.94</u>	<u>1.56</u>	<u>2.19</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 year was derived after taking into consideration of the following:-

	Three Months Ended		Twelve Months Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>After charging/(crediting):-</b>				
Amortisation of intangible assets	39	90	154	193
Bad debts written off	42	160	55	192
Depreciation of investment property	1	-	4	-
Depreciation of property, plant and equipment	430	195	1,518	799
Dividend income	(1)	(92)	(19)	(346)
Fair value gain on other investment	(32)	(6)	(181)	(1)
Gain on disposal of property, plant and equipment	-	-	(26)	-
Gain on termination of lease contract	-	-	(17)	-
Impairment loss on contract assets	366	413	366	413
Impairment loss on intangible assets	-	93	-	93
Impairment loss on trade receivables	1,402	1,491	1,483	1,491
Interest expenses	195	164	1,805	980
Interest income	(156)	(141)	(420)	(350)
Inventories written down	302	1	302	1
Reversal of impairment loss on contract assets	(220)	(414)	(220)	(414)
Reversal of impairment loss on trade receivables	(1,587)	(709)	(1,587)	(717)
Reversal of inventories written down	(107)	(111)	(107)	(111)



**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 (continued)**

Profit for the year was derived after taking into consideration of the following (continued):-

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>After charging/(crediting):-</b>				
Reversal of provision for foreseeable losses	(6)	(53)	(15)	(410)
Share of loss/(profit) in associates	33	(139)	24	(487)
Unrealised loss/(gain) on foreign exchange	139	(63)	142	(172)
	<u>139</u>	<u>(63)</u>	<u>142</u>	<u>(172)</u>

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors on 24 February 2023.