

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2023**



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

	Note	Three Months Ended		Three Months Ended	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		46,817	45,491	46,817	45,491
Cost of sales		<u>(34,774)</u>	<u>(32,354)</u>	<u>(34,774)</u>	<u>(32,354)</u>
<b>Gross profit</b>		12,043	13,137	12,043	13,137
Other income		137	281	137	281
Administrative expenses		(7,246)	(7,082)	(7,246)	(7,082)
Other expenses		<u>(584)</u>	<u>(151)</u>	<u>(584)</u>	<u>(151)</u>
<b>Operating profit</b>		4,350	6,185	4,350	6,185
Finance income		164	113	164	113
Finance costs		(353)	(391)	(353)	(391)
Share of profit/(loss) in associates		<u>155</u>	<u>(96)</u>	<u>155</u>	<u>(96)</u>
<b>Profit before tax</b>		4,316	5,811	4,316	5,811
Tax expense	B5	<u>(1,114)</u>	<u>(1,446)</u>	<u>(1,114)</u>	<u>(1,446)</u>
<b>Profit for the period</b>		3,202	4,365	3,202	4,365
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>3,202</u></u>	<u><u>4,365</u></u>	<u><u>3,202</u></u>	<u><u>4,365</u></u>

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

	Note	Three Months Ended		Three Months Ended	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		3,162	4,400	3,162	4,400
Non-controlling interests		40	(35)	40	(35)
		<u>3,202</u>	<u>4,365</u>	<u>3,202</u>	<u>4,365</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,162	4,400	3,162	4,400
Non-controlling interests		40	(35)	40	(35)
		<u>3,202</u>	<u>4,365</u>	<u>3,202</u>	<u>4,365</u>
<b>Earnings per share:</b>					
Basic (sen)	B11	<u>0.49</u>	<u>0.68</u>	<u>0.49</u>	<u>0.68</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 2022 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	31.03.2023 Unaudited RM'000	31.12.2022 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		23,349	23,329
Investment property		146	147
Intangible assets		289	322
Investment in associates		10,204	10,049
Amount due from an associate		1,272	1,271
<b>Total non-current assets</b>		<u>35,260</u>	<u>35,118</u>
<b>Current assets</b>			
Other investments		4,256	4,618
Inventories		20,768	25,596
Trade receivables		30,835	41,831
Contract assets		39,707	38,692
Other receivables		1,746	6,025
Amount due from associates		6,414	7,629
Tax recoverable		1,470	979
Fixed deposits with licensed banks		15,003	14,907
Cash and bank balances		22,501	14,214
<b>Total current assets</b>		<u>142,700</u>	<u>154,491</u>
<b>TOTAL ASSETS</b>		<u>177,960</u>	<u>189,609</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		93,516	93,516
Merger reserve		(50,080)	(50,080)
Retained earnings		89,113	85,951
		<u>132,549</u>	<u>129,387</u>
Non-controlling interests		127	87
<b>Total equity</b>		<u>132,676</u>	<u>129,474</u>

**Pekat Group Berhad (201901011563 (1320891-U))**  
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**Condensed Consolidated Statement of Financial Position (continued)**

	Note	31.03.2023 Unaudited RM'000	31.12.2022 Audited RM'000
<b>EQUITY AND LIABILITIES (continued)</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		2,355	2,439
Borrowings	B8	1,262	1,556
Deferred tax liabilities		288	293
<b>Total non-current liabilities</b>		3,905	4,288
<b>Current liabilities</b>			
Trade payables		4,463	9,153
Contract liabilities		14,233	20,296
Other payables		6,040	5,342
Lease liabilities		631	612
Borrowings	B8	14,826	19,425
Tax payable		1,186	1,019
<b>Total current liabilities</b>		41,379	55,847
<b>Total liabilities</b>		45,284	60,135
<b>TOTAL EQUITY AND LIABILITIES</b>		177,960	189,609
<b>Net assets per share attributable to owners of the Company (RM)</b>		0.21	0.20

(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 2022 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 31 March 2023</u></b>						
<b>At 1 January 2023</b>	93,516	(50,080)	85,951	129,387	87	129,474
Total comprehensive income for the period	-	-	3,162	3,162	40	3,202
<b>At 31 March 2023</b>	93,516	(50,080)	89,113	132,549	127	132,676

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 2022 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 31 March 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	-	-	4,400	4,400	(35)	4,365
<b>At 31 March 2022</b>	93,516	(50,080)	80,315	123,751	63	123,814

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

	<b>Three Months Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	4,316	5,811
Adjustments for:		
Amortisation of intangible assets	39	37
Depreciation of investment property	1	-
Depreciation of property, plant and equipment	374	243
Dividend income	-	(8)
Fair value gain on other investment	(38)	(55)
Interest expenses	353	391
Interest income	(164)	(113)
Reversal of provision for foreseeable losses	(3)	(5)
Share of (profit)/loss in associates	(155)	96
Unrealised loss on foreign exchange	52	151
	<hr/>	<hr/>
Operating profit before working capital changes	4,775	6,548
Changes in working capital:		
Inventories	4,828	5,214
Receivables	15,275	(5,699)
Payables	(4,049)	(20,133)
Contract assets or liabilities	(7,075)	(7,012)
Associates	1,214	(3,339)
	<hr/>	<hr/>
Cash generated from/(used in) operations	14,968	(24,421)
Interest received	145	105
Tax paid	(1,438)	(353)
	<hr/>	<hr/>
<b>Net cash from/(used in) operating activities</b>	<b>13,675</b>	<b>(24,669)</b>

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

	<b>Three Months Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of intangible assets	(6)	(17)
Acquisition of property, plant & equipment	(276)	(393)
Dividend received	-	8
Interest received	19	8
Proceeds from disposal/(Acquisition) of other investment	400	(108)
<b>Net cash from/(used in) investing activities</b>	<b>137</b>	<b>(502)</b>
<b>FINANCING ACTIVITIES</b>		
Placement of fixed deposits pledged with licensed banks	(96)	(145)
Interest paid	(353)	(391)
Net (repayment)/drawdown of bankers' acceptances	(4,676)	7,409
Net repayment of term loan	(217)	(209)
Net repayment of lease liabilities	(183)	(86)
<b>Net cash (used in)/from financing activities</b>	<b>(5,525)</b>	<b>6,578</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,287</b>	<b>(18,593)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>14,214</b>	<b>28,199</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>22,501</b>	<b>9,606</b>



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

	<b>Three Months Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</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	22,501	9,606
Fixed deposits with licensed banks	15,003	14,849
	37,504	24,455
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(15,003)	(14,849)
	22,501	9,606

- (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 2022 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 2022 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 2022 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 and amendments to MFRS 17: *Insurance Contracts*
- Amendments to MFRS 17: *Initial Application of MFRS 17 and MFRS 9: Comparative Information*
- Amendments to MFRS 101: *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101: *Presentation of Financial Statements: Disclosure of Accounting Policies*
- Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to MFRS 112: *Income Taxes: 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: Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Presentation of Financial Statements: Non-current Liabilities with Covenants*

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

- Amendments to MFRS 10 and MFRS 128: *Consolidated Financial Statements and Investments in Associates and Joint Ventures - 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 2022.

**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 period under review.

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

**A9. Segmental Reporting**

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

<b>Period Ended 31 March 2023</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	29,743	8,417	8,657	-	46,817
Inter-segment sales	1,849	9	5,018	(6,876)	-
	<u>31,592</u>	<u>8,426</u>	<u>13,675</u>	<u>(6,876)</u>	<u>46,817</u>

	<b>RM'000</b>
<b>Results</b>	
Segment profit	4,350
Finance income	164
Finance costs	(353)
Share of profit in associates	155
Tax expense	<u>(1,114)</u>
Profit after tax	<u>3,202</u>

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

	<b>RM'000</b>
<b>Results</b>	
Segment profit	6,185
Finance income	113
Finance costs	(391)
Share of loss in associates	(96)
Tax expense	<u>(1,446)</u>
Profit after tax	<u>4,365</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**

On 30 March 2023, the Group had incorporated a new wholly-owned subsidiary, namely Pekat Engineering Services Sdn. Bhd.. The intended principal activity of the company is to provide general engineering services.

Save as disclosed above, there were no changes in the composition of the Group for the current financial period under review.

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

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

<u>Group</u>	<b>31.03.2023</b> <b>RM'000</b>	<b>31.12.2022</b> <b>RM'000</b>
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	32,158	23,736
Performance guarantee given by subsidiaries for performance of contracts to third parties	<u>7,311</u>	<u>7,358</u>
	<u>39,469</u>	<u>31,094</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>31.03.2023</b>	<b>31.03.2022</b>
<b>Nature of transactions/Related parties</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Design, supply and installation of solar photovoltaic systems to:</u>		
- Finesse Moulding (M) Sdn. Bhd.	-	1,500
- Halex Management Sdn. Bhd.	45	-
- Hextar Asset Management Sdn. Bhd.	45	-
- Hextar Chemicals Sdn. Bhd.	15	-
- Rubberex Alliance Sdn. Bhd.	193	2,552
 <u>Rental expenses of office buildings charged by:</u>		
- Startige Corporation Sdn. Bhd.	243	243

Finesse Moulding (M) Sdn. Bhd., Halex Management Sdn. Bhd., Hextar Asset Management 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 of the Company are also Directors of the related party.

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**

	<b>Three Months Ended</b>			
	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Solar photovoltaics	29,743	26,912	2,831	10.5
- Earthing and lightning protection	8,417	8,167	250	3.1
- Trading	8,657	10,412	(1,755)	(16.9)
<b>Total revenue</b>	<b>46,817</b>	<b>45,491</b>	<b>1,326</b>	<b>2.9</b>
Profit after tax	3,202	4,365	(1,163)	(26.6)

**Comparison with Preceding Year Corresponding Quarter ("Q1 FY23" vs "Q1 FY22")**

The Group recorded revenue of RM46.82 million in Q1 FY23, of which RM29.74 million was contributed by the solar division, RM8.42 million was from the earthing and lightning protection ("ELP") division and RM8.66 million was from the trading division.

The increase in revenue of RM1.33 million or 2.9% over Q1 FY22 was mainly due to higher revenue recorded in the solar division, from RM26.91 million in Q1 FY22 to RM29.74 million in Q1 FY23, as a result of more concurrent projects executed as a comparison.

The Group's trading division, on the other hand, recorded lower revenue of RM8.66 million in Q1 FY23, representing a decrease of RM1.76 million or 16.9% from RM10.41 million in Q1 FY22. This was mainly due to lower customer orders for copper tapes and inverters in Q1 FY23.

Despite the increase in revenue, the Group recorded a lower profit after tax of RM3.20 million in Q1 FY23 compared to RM4.37 million in Q1 FY22. This was due to the lower gross profit margin recorded in Q1 FY23, caused by higher material costs and the industry-wide lower margin arising from the intense competition within the solar industry.



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

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

	Quarter Ended		Variance	
	31.03.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	29,743	27,194	2,549	9.4
- Earthing and lightning protection	8,417	8,162	255	3.1
- Trading	8,657	9,674	(1,017)	(10.5)
Total revenue	46,817	45,030	1,787	4.0
Profit after tax	3,202	2,398	804	33.5

The Group's revenue increased by RM1.79 million or 4.0% from RM45.03 million in the immediately preceding quarter ("Q4 FY22") to RM46.82 million in Q1 FY23 due to higher revenue from the solar division compared to Q4 FY22 when the Group experienced several disruptions in project execution.

The Group recorded a profit after tax of RM3.20 million, representing an increase of RM0.8 million or 33.5% over RM2.40 million in Q4 FY22 which is higher than 4.0% quarter-on-quarter increase in revenue. This was due to the higher staff expenses incurred by the Group in Q4 FY22 for staff bonuses.



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

**B3. Commentary on Prospects**

The Government of Malaysia is committed to achieving net-zero carbon emissions by 2050. This commitment is reflected in the inclusion of the objective in the 12th Malaysia Plan with ambitious goals to reduce greenhouse gas emissions by 45% by 2030, aligned with the targets of the 2015 Paris Agreement. The Malaysia Renewable Energy Roadmap aims to reach 31% and 40% of renewable energy in the national energy capacity by 2025 and 2035, respectively. To achieve these targets, green technology tax incentives, introduced in 2014, have been extended in Malaysian Budgets to promote sustainable growth. As a result, the solar PV industry in Malaysia is expected to grow.

The Group is optimistic about the availability of increased renewable energy quotas from the Energy Commission of Malaysia going forward. This includes new tenders for Large-Scale Solar ("LSS") projects and additional Net Energy Metering quotas, in which the Group will participate actively. The Group is working on the LSS power plant at Batang Padang, Perak and targets to complete the project by Q3 2023, which will contribute positively to the top and bottom line for the financial year ending 31 December 2023. Upon completion, the project will further strengthen the track record of the Group.

In October 2022, the Government introduced the Corporate Green Power Programme with a quota of 600MW. The program provides corporate customers with ease of access to solar-generated energy through virtual power purchase agreements without having to install or be located near a solar PV system. The Group is currently exploring this investment opportunity with potential partners. For the longer term, the Group is also optimistic that it will benefit from the lifting of ban on cross-border renewable energy exports.

The Energy Commission of Malaysia has enforced stricter safety standards for lightning protection systems, presenting further opportunities to the Group. This includes new buildings requiring the installation of ELP systems and existing buildings needing to assess their compliance with safety standards and make improvements if necessary. As a result, the market has expanded significantly, encompassing virtually every building nationwide. The Group has secured a few sizeable ELP projects, including the Johor Bahru-Singapore Rapid Transit System, a semiconductor fabrication facility, a semiconductor manufacturing plant and a few data centres.

While the Board of Directors anticipates ongoing challenges from increasing raw material prices and foreign currency exchange rate fluctuations, the Group is well positioned to improve its operational efficiency and grow its order book.



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

**B4. Profit Forecast**

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

**B5. Tax Expense**

	Three Months Ended		Three Months Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Current tax	1,114	1,446	1,114	1,446
Deferred tax	-	-	-	-
Total tax expense	<u>1,114</u>	<u>1,446</u>	<u>1,114</u>	<u>1,446</u>
Effective tax rate (%)	25.8	24.9	25.8	24.9

**Notes:-**

- (1) The effective tax rate of the Group for the current quarter/period under review was at 25.8% 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.

**Pekat Group Berhad (201901011563 (1320891-U))**  
**Interim Financial Report on Consolidated Results**  
**for the First Quarter Ended 31 March 2023**



**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	(22,173)	-	Fully utilised
- Project costs and expenses	4,000	-	4,000	8,000	(8,000)	-	Fully utilised
- 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>(44,374)</b>	<b>-</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>31.03.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>		
<u>Secured:-</u>		
Bankers' acceptances	13,832	18,508
Term loan	994	917
	<u>14,826</u>	<u>19,425</u>
<b>Non-current liabilities</b>		
<u>Secured:-</u>		
Term loan	1,262	1,556
Total borrowings	<u>16,088</u>	<u>20,981</u>

**B9. Material Litigation**

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

**In the High Court of Kuala Lumpur**  
**Summons No. WA22NCVC-58-02/2023**  
**Multiplex Packaging Sdn Bhd v Pekat Solar Sdn Bhd**

On 4 March 2023, the Board of Directors and the Company were notified by management of Pekat Solar Sdn Bhd (**"the Defendant"**) that they have been served on 21 February 2023 with a Writ of Summon and Statement of Claim dated 16 February 2023 from Multiplex Packaging Sdn Bhd (**"the Plaintiff"**). The Defendant is a wholly-owned subsidiary of Pekat Teknologi Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company.

On 21 March 2023, the Plaintiff has withdrawn the case, without liberty to file afresh and with no order as to costs in respect of the Statement of Claim.

**B10. Dividend**

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



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

**B11. Earnings Per Share**

(a) Basic earnings per share

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

	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Profit attributable to owners of the Company (RM'000)	3,162	4,400	3,162	4,400
Weighted average number of shares in issue (Unit'000)	644,968	644,968	644,968	644,968
Basic earnings per share (sen)	<u>0.49</u>	<u>0.68</u>	<u>0.49</u>	<u>0.68</u>

(b) Diluted earnings per share

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

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

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

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

	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>After charging/(crediting):-</b>				
Amortisation of intangible assets	39	37	39	37
Depreciation of investment property	1	-	1	-
Depreciation of property, plant and equipment	374	243	374	243
Dividend income	-	(8)	-	(8)
Fair value gain on other investment	(38)	(55)	(38)	(55)
Interest expenses	353	391	353	391
Interest income	(164)	(113)	(164)	(113)
Reversal of provision for foreseeable losses	(3)	(5)	(3)	(5)
Share of (profit)/loss in associates	(155)	96	(155)	96
Unrealised loss on foreign exchange	52	151	52	151

**B13. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors on 31 May 2023.