



PECCA

GROUP BERHAD



PECCA GROUP BERHAD
(Registration No. 201001025617 (909531-D))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

	Notes	Individual Quarter			Cumulative Quarter		
		Current Year Quarter 31.12.2023 RM'000	Preceding Year Quarter 31.12.2022 RM'000	Variance %	Current Year- To-Date 31.12.2023 RM'000	Preceding Year-To-Date 31.12.2022 RM'000	Variance %
Revenue	A9	64,758	53,482	21%	128,804	108,346	19%
Cost of sales		(40,949)	(37,917)	8%	(81,284)	(76,918)	6%
Gross profit		23,809	15,565	53%	47,520	31,428	51%
Other Income		334	353	(5%)	573	496	16%
Selling and distribution expenses		(2,035)	(1,745)	17%	(3,807)	(3,223)	18%
Administrative expenses		(5,197)	(3,547)	47%	(10,883)	(7,326)	49%
Operating Profit		16,911	10,626	59%	33,403	21,375	56%
Finance income		996	571	74%	1,821	987	84%
Finance costs		(86)	(94)	(9%)	(179)	(156)	15%
Share of result of joint venture		-	29	(100%)	-	4	(100%)
Profit before tax	B5	17,821	11,132	60%	35,045	22,210	58%
Income tax expense	B6	(4,432)	(2,720)	63%	(8,611)	(5,449)	58%
Profit for the period		13,389	8,412	59%	26,434	16,761	58%
Other comprehensive income, net of tax							
Actuarial loss on employment benefit		(1)	-	100%	(3)	-	100%
Foreign currency translation differences on foreign operations		(55)	(5)	1000%	(113)	(7)	1514%
Total comprehensive income for the financial period		13,333	8,407	59%	26,318	16,754	57%
Profit attributable to:							
Owners of the company		13,380	8,408	59%	26,393	16,758	57%
Non-controlling interests		9	4	125%	41	3	1267%
Profit for the period		13,389	8,412	59%	26,434	16,761	58%
Total comprehensive income for the financial period							
Owners of the Company		13,338	8,406	59%	26,302	16,755	57%
Non-controlling interests		(5)	1	(600%)	16	(1)	(1700%)
Total comprehensive income for the financial period		13,333	8,407	59%	26,318	16,754	57%
Earnings per share attributable to Owners of the Company (sen) ⁽²⁾							
- Basic	B12	1.78	1.12	59%	3.51	2.23	57%
- Diluted		1.78	1.12	59%	3.51	2.23	57%

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the explanatory notes attached to this report.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B12.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2023**

	Unaudited 31.12.2023 RM'000	Audited 30.06.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,153	42,784
Right-of-use assets	24,018	24,469
Goodwill	140	140
Deferred tax assets	7	-
Other investments	418	419
	<u>65,736</u>	<u>67,812</u>
Current Assets		
Inventories	24,286	28,445
Trade and other receivables	48,086	54,856
Contract assets	198	130
Prepayments	2,448	1,526
Current tax assets	416	35
Cash and bank balances	138,960	111,232
	<u>214,394</u>	<u>196,224</u>
Total assets	<u><u>280,130</u></u>	<u><u>264,036</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	135,702	135,702
Reserves	88,372	77,108
	<u>224,074</u>	<u>212,810</u>
Non-controlling interest	427	410
Equity attributable to owners of the Company	<u><u>224,501</u></u>	<u><u>213,220</u></u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	4,988	6,632
Employee benefits	36	30
Borrowings	4,725	5,040
Lease liabilities	297	478
	<u>10,046</u>	<u>12,180</u>
Current Liabilities		
Trade and other payables	28,828	19,819
Dividend payable	-	5,112
Contract liabilities	41	-
Borrowings	3,170	6,830
Lease liabilities	1,078	534
Current tax liabilities	12,466	6,341
	<u>45,583</u>	<u>38,636</u>
Total liabilities	<u><u>55,629</u></u>	<u><u>50,816</u></u>
Total equity and liabilities	<u><u>280,130</u></u>	<u><u>264,036</u></u>
Net assets per share attributable to owners of the parents (sen) ⁽²⁾		
	<u>29.81</u>	<u>28.31</u>

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the explanatory notes attached to this report.

(2) Based on the number of ordinary shares in issue less Treasury Shares as at 31 December 2023 of 751,783,132 (30 June 2023: 751,783,132).



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

	← Attributable to owners of the Company →							Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →				Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000			
At 01.07.2023	135,702	(60)	(60,822)	100	18,965	(2)	118,927	212,810	410	213,220
Profit after taxation for the financial period	-	-	-	-	-	-	26,393	26,393	41	26,434
Other comprehensive income for the financial period:										
- Actuarial loss on employment benefit	-	-	-	-	-	(3)	-	(3)	(1)	(4)
- Foreign currency translation differences on foreign operations	-	-	-	(90)	-	-	-	(90)	(23)	(113)
Transactions with owners										
- Dividend distributions to owners of the Company	-	-	-	-	-	-	(15,036)	(15,036)	-	(15,036)
At 31.12.2023	<u>135,702</u>	<u>(60)</u>	<u>(60,822)</u>	<u>10</u>	<u>18,965</u>	<u>(5)</u>	<u>130,284</u>	<u>224,074</u>	<u>427</u>	<u>224,501</u>

Notes: (1) The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the explanatory notes attached to this report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

	6 months ended 31 December	
	2023	2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	35,045	22,210
Adjustments for:		
Depreciation of property, plant and equipment	2,330	2,117
Depreciation of right-of-use assets	414	292
Amortisation of intangible assets	1	-
Plant and equipment written off	18	-
Gain on disposal of plant and equipment	(91)	(20)
Reversal of impairment loss on trade receivables	-	(24)
Impairment loss on plant and machineries	1,000	-
Inventories written down	1,000	-
Share of result of joint venture	-	(4)
Unrealised gain on foreign exchange	(138)	(181)
Finance costs	179	156
Finance income	(1,821)	(987)
Operating profit before changes in working capital	<u>37,937</u>	<u>23,559</u>
Changes in working capital:		
Inventories	3,137	(1,124)
Trade and other receivables	6,752	(8,670)
Prepayments	(1,049)	(65)
Trade and other payables	9,294	6,880
Contract liability	41	-
Post-employment benefit	3	-
Cash generated from operations	<u>56,115</u>	<u>20,580</u>
Income tax paid	(4,341)	(406)
Interest paid	(179)	(156)
Net cash from operating activities	<u>51,595</u>	<u>20,018</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,398)	(2,570)
Advances to a related company	-	(500)
Proceeds from disposal of plant and equipment	91	335
Interest received	1,821	987
Net cash from/(for) investing activities	<u>514</u>	<u>(1,748)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(158)	(181)
Dividends paid	(20,148)	(10,525)
Net proceeds from borrowings	(3,975)	1,993
Net cash for financing activities	<u>(24,281)</u>	<u>(8,713)</u>
Net increase in cash and cash equivalents	27,828	9,557
Effect of exchange rate fluctuations on cash held	(104)	11
Cash and cash equivalents at the beginning of financial year	<u>111,236</u>	<u>86,808</u>
Cash and cash equivalents at the end of financial year	<u>138,960</u>	<u>96,376</u>

Notes:

(1) The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and the explanatory notes attached to this report.



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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Main Market Listing Requirements. These condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This report should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2023.

The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 30 June 2023.

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023. The Group has not applied in advance the following accounting standards (including the consequential amendments, if any that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- 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
- Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121: Lack of Exchangeability



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

A3. Auditors' Report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2023.

A4. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors in the current quarter.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter.

A6. Changes in estimates

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter.

A7. Debt and equity securities

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter. As at 31 December 2023, the number of treasury shares held were 216,868 ordinary shares at RM60,173.

A8. Dividend paid

The first interim single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ending 30 June 2024 totalled to RM7,517,831 was declared on 1 December 2023 and paid on 8 December 2023.



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

A9. Segmental information

a) Operating segments

The Group's current business activities comprise of four segments namely automotive, healthcare, aviation and furniture segments. The Automotive segment focuses on styling, manufacturing, distribution and installation of automotive leather upholstery for car seat covers and accessories covers. The Healthcare segment focuses on the manufacturing and distribution of healthcare products. The Aviation segment provides services in manufacturing, repair, refurbishment, distribution and installation of aircraft seat covers and parts refurbishment. The Furniture segment provides for the manufacturing of leather furniture and supply of furniture seat covers. The breakdown of the Group's total revenue by business activities and products are as follows: -

	Current Quarter Ended		Cumulative Quarter Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<u>AUTOMOTIVE</u>				
Car seat covers				
- OEM ⁽¹⁾	51,651	41,661	102,821	78,956
- REM ⁽¹⁾	2,023	2,108	3,676	4,068
- PDI ⁽¹⁾	4,660	4,295	9,666	9,633
Sub-total for car seat covers	58,334	48,064	116,163	92,657
Leather cut pieces supply	67	618	198	5,196
<u>Others</u>				
- Sewing of fabric car seat covers	3,341	2,357	6,498	4,947
- Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials	1,949	1,554	4,159	3,268
	63,691	52,593	127,018	106,068
<u>OTHERS</u>				
Healthcare	879	725	1,520	1,580
Aviation	186	149	262	669
Furniture	2	15	4	29
Grand Total	64,758	53,482	128,804	108,346

Note (1): OEM – Original Equipment Manufacturer
REM – Replacement Equipment Manufacturer
PDI – Pre-delivery Inspection

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING *(continued)***A9. Segmental information** *(continued)*b) Geographical segments

The segment information in respect of the Group's geographical segments are as follows: -

	Current Quarter Ended		Cumulative Quarter Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Malaysia	61,180	51,012	121,705	103,555
Rest of Asia	2,042	363	4,241	880
Europe	886	1,155	1,667	2,359
North America	570	678	996	1,001
Oceania	80	274	195	551
	<u>64,758</u>	<u>53,482</u>	<u>128,804</u>	<u>108,346</u>

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current quarter.

A11. Capital commitments

There was no authorised capital commitment.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group in the current quarter.

A13. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets as at the date of this report.

A14. Material events subsequent to the end of the quarter

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

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING *(continued)***A15. Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative quarter ended 31 December 2023 are as follows:

Related Party Transactions

	Current Quarter Ended 31.12.2023 RM'000	Cumulative Quarter Ended 31.12.2023 RM'000
Rental charges to related parties		
- Tint Auto (M) Sdn Bhd	54	108
- Rentas Health Sdn Bhd	49	116
Sales to related party		
- Rentas Health Sdn Bhd	879	1,520
Management service to related party		
- Tint Auto (M) Sdn Bhd	12	30
- Rentas Health Sdn Bhd	6	12
Warehouse service charge from related party		
- Rentas Health Sdn Bhd	-	(16)

Note:

The related party is a company in which certain Directors and substantial shareholders of the Company have interests.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Performance review for the current quarter compared with the preceding year's corresponding quarter

For the quarter under review, the Group recorded another stellar revenue of RM64.76 million and a profit before tax ("PBT") of RM17.82 million in the current quarter which increased by 21% and 60% in revenue and PBT respectively as compared to the preceding year's corresponding quarter. The increase in revenue and PBT was mainly contributed by the higher sales volume achieved in the Automotive segment for current quarter as compared to the same quarter in the preceding year.

The Group's revenue was driven by upholstery car seat covers, sewing and supply of car accessories cover together with the provision of wrapping and stitching services, which contributed about 90%, 5% and 3% of the total revenue respectively. OEM leather car seat segment contributed about 89% of the total revenue for leather car seat covers whilst REM and PDI contributed about 3% and 8% respectively.

However, the revenue generated from the Healthcare business is slightly higher as compared to the preceding year's corresponding quarter (Q2 FY2024: RM0.88 million; Q2 FY2023: RM0.73 million) which resulted from the increase in sales volume. This was attributed to the spike in COVID-19 cases again recently.

Finance income for the current quarter increased by 74%, at RM1.00 million, as compared to RM0.57m for the preceding year's corresponding quarter, substantially resulting from the higher interest income earned from the short-term placements strategy on the short-term fixed deposit and short-term investments.

The increase in selling and administrative expenses are mainly due to enlarged staff force to support the expansion plan in both the automotive and aviation segment. Higher bonus provision was allocated for the achievement of a record-high profit after tax of RM13.39 million as compared to RM8.41 million in the preceding year's corresponding quarter. On top of that, the increase in administrative expenses mainly due to the administrative cost incurred by PT Gemilang Maju Kencana, our newly acquired subsidiary since 1 April 2023, and the financial result is now consolidated under the Group.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B2. Financial review for the current quarter compared with the immediately preceding quarter**

	Current Year Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Variance	
			RM'000	%
Revenue	64,758	64,046	712	1%
Profit after tax	13,389	13,045	344	3%

For the current quarter under review, the Group' Automotive segment of upholstery car seat covers remained a strong demand from the market with increase in revenue by 1.0% to RM64.76 million from RM64.05 million in the immediate preceding quarter.

Despite the slight increase in revenue, the profit after tax in the current quarter has improved by 3% to RM13.39 million from RM13.05 million. This is mainly attributable to further cost efficiency in operating cost with the production output achieved the economies of scale. In addition, the gain on foreign exchange of RM0.27 million reported during the current quarter also favours the financial performance of the Company.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)*

B3. Prospects

The International Monetary Fund (IMF) expects Southeast Asian economies to grow at 4.6% in 2024, up from 4.2% in 2023.

According to the IMF, Malaysia's economy is projected to expand at a growth rate of 4.3% in 2024, compared to 4.0% in 2023. The IMF expects a rebound in public spending, as well as resilient private consumption and investments, to support Malaysia's economic growth trajectory.

The forecast also reflects the IMF's expectation that the global economy, along with demand for Malaysia's exports, will gradually pick up throughout the year. Here, the IMF expects Malaysia to benefit from its exposure to the electronics and technology sector, amid an anticipated recovery in the global tech cycle.

Automobile segment

In 2023, Malaysia's automotive industry registered sales of new vehicles -- as measured by total industry volume (TIV) -- of 799,731, an 11% increase from 2022 and a new historical record. This figure also far exceeded MAA's forecast of 725,000 vehicles for the full year.

For 2024, the Malaysian Automotive Association (MAA) expects TIV to hit 740,000. While this figure is 7.5% lower year-on-year, it is higher than the MAA's original forecast for 2023 and will mark the third consecutive year TIV exceeds 700,000 units.

In the year ahead, the MAA views consumer spending may slow amid concerns over the rationalization of government subsidies, increased living costs, the proposed High Value Goods Tax, as well as a higher tax rate for some services including motor vehicle repair and maintenance.

However, the automotive industry's performance will continue to be buoyed by economic growth and improved supply chain conditions. In addition, as per the MAA, buying interest will be sustained by the anticipated launch of many new vehicles, including electrified vehicles (EVs) at competitive prices.

To support the potential increased production volume requirements, Pecca is in the pipeline of preparing the development of its second manufacturing plant at the UMW High Value Manufacturing Park in Serendah, Selangor. The second plant will effectively double Pecca production capacity, helping the Group meet the demand of existing and new customers.

Pecca will continue to build its presence in Indonesia, following the acquisition of a controlling stake in PT Gemilang Maju Kencana (PT GMK) last year. In the 1H of FY2024, PT GMK has contributed 2.4% to the Group's overall revenue. Pecca expects the contribution from PT GMK to continue rising throughout the coming financial year, diversifying the Group's revenue stream.

The Group is also working aggressively to widen its local and foreign customer base in the Replacement Equipment Manufacturer ("REM") segment and develop new customers and penetrate new markets into the US, Australia, New Zealand, Singapore, and Europe.



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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)*

B3. Prospects *(continued)*

Aviation segment

After two years of travel restrictions, global tourism staged a near-complete recovery in 2023, with air traffic edging closer to matching pre-pandemic demand. According to the International Air Transport Association (IATA), air traffic in 2023 reached 94.1% of 2019 levels.

Pecca is well-positioned to ride the recovery in global air travel, leveraging its established track record in upholstery design, manufacturing, and installation. The Group also enjoys a competitive advantage as the only EASA-certified (POA) C2 Certificate holder with full-scale fabrication capability of aircraft seat covers in Malaysia and Southeast Asia, as of to date.

Within the aviation industry, Pecca continues to work toward building a strong and stable customer base by tapping the capabilities and networks of its industry partners, France-based Aero Cabin Solutions ("ACS") and Global Component Asia Sdn Bhd ("GCA").

ACS has more than 20 years of experience in the aircraft interior market, while GCA is a major player in the Southeast Asian and Australasian civil and military aviation industries.

With ACS, Pecca is in progress to accomplish its first purchase order to service a Europe-registered Airbus A320 passenger aircraft. The purchase order will provide a production case study to develop best practices and processes for leather cover production, before both parties proceed to a definitive agreement. As for GCA, Pecca is finalizing the details of the definitive agreement between both parties.

On 22 February 2024, Pecca Aviation and GCA has signed a distribution agreement and an agency agreement with Global Component Asia Sdn Bhd (GCA), kicking off a strategic partnership that will elevate the standard of aircraft interior maintenance, repair, and operations (MRO) in key global markets.

Pecca expects its aviation business to gain further momentum as the Group builds awareness, branding, credibility, and confidence with aviation players.

Overall

Pecca trust it will continue to benefit from robust demand for automotive upholstery in Malaysia, in line with industry expectations for the automotive industry at large. Additionally, the Group expects revenue contribution from its Indonesian operations to continue growing at a steady pace.

Moving forward, Pecca is banking on its aviation segment to unlock its next phase of growth, aiming for potentially higher profit contributions from this business segment.

Pecca will continue its broader push to diversify into new markets. On the operational front, the Group will maintain its focus on improving productivity levels, cost efficiency and optimising its procurement strategy.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B4. Variance of actual profit from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation or announcement.

B5. Profit before tax

The profit before tax is stated after charging/ (crediting): -

	Current Quarter Ended 31.12.2023 RM'000	Cumulative Quarter Ended 31.12.2023 RM'000
Finance income	(996)	(1,821)
Depreciation of:		
- Property, plant and equipment	1,163	2,330
- Right-of-use assets	192	414
Realised gain on foreign exchange	(70)	(78)
Unrealised gain on foreign exchange	(210)	(138)

Save as disclosed above, the other items as required under paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

B6. Taxation

	Current Quarter Ended 31.12.2023 RM'000	Cumulative Quarter Ended 31.12.2023 RM'000
Income tax expense	4,432	8,611

The effective tax rate for the cumulative quarter is slightly higher of 24.87% compared to the statutory tax rate of 24%, mainly due to certain expenses which are not deductible for taxation purpose.

B7. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B8. Utilisation of Proceeds**

As announced on 23 April 2018, the Board of Directors has approved the variation of the utilisation of IPO proceeds amounting to RM6.60 million and the extension of time for utilisation of IPO proceeds amounting to RM2.62 million for another 24 months from 19 April 2018. After due deliberation, the Board intends to undertake the variations to vary the utilization of the proceed for working capital and extend the frame to another 24 months from 19 April 2020 to 19 April 2022. In view of the Covid-19 pandemic and Movement Control Order enforced by the Government in March 2020 until the endemic which as announced in April 2022, the Board has approved to further extended the timeframe for utilisation of the proceeds for working capital for another 24 months from 19 April 2022 to 19 April 2024.

The status of utilisation of the proceeds from the Public Issue of 47,796,000 new ordinary shares at RM1.42 per share as of 31 December 2023 is as follows:

Purposes	Revised Expected Timeframe for Utilisation (from 19 April 2018)	Revised Amount (RM'000)	Actual Utilisation (RM'000)	Utilised %
a) Working capital	-	27,859	(27,859)	100
b) Repayment of bank borrowings	-	17,100	(17,100)	100
c) Purchase of machineries for the production of car leather seat covers	Within 24 months	4,871	(4,871)	100
d) Construction of an additional storey of production floor area on the existing factory building	-	5,000	(5,000)	100
e) Opening of retail outlets	-	0	0	100
f) Establishment of market presence in Thailand	Within 24 months	0	0	100
g) Expansion of aviation business	Within 24 months	834	(834)	100
h) Estimated listing expenses	-	4,111	(4,111)	100
g) Purchase of raw material	-	5,350	(5,350)	100
i) Selling and distribution expenses of:				
- Retail	Within 24 months	2,000	(40)	2
- Thailand	Within 24 months	0	0	100
- Aviation	Within 24 months	745	(425)	57
Total Public Issue Proceeds		67,870	(65,590)	97

Note:

(a) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 March 2016 and the announcement dated 23 April 2018.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B9. Group borrowings**

	Current Quarter Ended 31.12.2023 RM'000	Audited 30.06.2023 RM'000
Short term borrowings		
Secured:		
Banker Acceptance	2,140	3,800
Post Shipment Buyer Loan	400	2,400
Term Loan	630	630
	<u>3,170</u>	<u>6,830</u>
Long term borrowings		
Secured:		
Term Loan	4,725	5,040
	<u>4,725</u>	<u>5,040</u>
	<u>7,895</u>	<u>11,870</u>

Banker' Acceptances and term loan are secured by corporate guarantees of the Company.

As at 31 December 2023, the Company has extended corporate guarantees amounting to RM7.90 million to financial institutions for banking facilities granted to the subsidiary. The financial impact of the guarantees is immaterial as the subsidiary concerned is in positive financial standings to meet its obligation and when they fall due.

B10. Material litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors do not have any knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report.

B11. Dividend Proposed

The Board has declared and approved a second interim single-tier dividend of 1.00 sen per ordinary share in respect of financial year ending 30 June 2024.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B12. Earnings Per Share ("EPS")**

a) Basic earnings per share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	Current Quarter Ended 31.12.2023 RM'000	Cumulative Quarter Ended 31.12.2023 RM'000
Profit attributable to equity holders	<u>13,380</u>	<u>26,393</u>
Weighted average number of ordinary shares in issue excluding Treasury Shares	<u>751,783</u>	<u>751,783</u>
Basic earnings per share (sen)	<u>1.78</u>	<u>3.51</u>
Diluted earnings per share (sen)	<u>1.78</u>	<u>3.51</u>

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 December 2023.

B13. Authorisation for Issue

The interim Financial Statements were authorised for issue by the Board of Directors on 28 February 2024.

BY ORDER OF THE BOARD

Kuala Lumpur
28 February 2024