



PECCA

GROUP BERHAD



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

	Notes	Individual Quarter			Cumulative Quarter		
		Current	Preceding	Changes	Current	Preceding	Changes
		Year Quarter 30.06.2022 RM'000	Year Quarter 30.06.2021 RM'000		Year-To-Date 30.06.2022 RM'000	Year-To-Date 30.06.2021 RM'000	
				Amount / %			Amount / %
Revenue	A9	50,751	29,640	71.22%	164,394	144,750	13.57%
Cost of sales		(35,578)	(22,523)	-57.96%	(118,586)	(102,997)	-15.14%
Gross profit		15,173	7,117	113.19%	45,808	41,753	9.71%
Other Income		1,239	2,380	-47.94%	2,447	3,578	-31.61%
Selling and distribution expenses		(1,497)	(1,470)	-1.84%	(5,418)	(5,900)	8.17%
Administrative expenses		(3,755)	(6,282)	40.23%	(13,548)	(13,631)	0.61%
Profit before tax	B5	11,160	1,745	539.54%	29,289	25,800	13.52%
Tax expense	B6	(2,915)	(1,721)	-69.38%	(6,448)	(6,580)	2.01%
Profit for the period		8,245	24	34254.17%	22,841	19,220	18.84%
Other comprehensive income, net of tax							
Revaluation surplus on property, plant and equipment and right-of-use assets		-	-134	-100.00%	-	-134	-100.00%
Exchange difference on translation of foreign operation		2	4	50.00%	15	9	66.67%
Total comprehensive income for the financial period		8,247	(106)	7880.19%	22,856	19,095	19.70%
Profit attributable to:							
Owners of the company		8,248	28	29357.14%	22,852	19,234	18.81%
Non-controlling interest		(3)	(4)	25.00%	(11)	(14)	21.43%
Profit for the period		8,245	24	34254.17%	22,841	19,220	18.84%
Total comprehensive income for the financial period							
Owners of the Company		8,249	(104)	8031.73%	22,859	19,105	19.65%
Non-controlling interests		(2)	(2)	0.00%	(3)	(10)	70.00%
Total comprehensive income for the period		8,247	(106)	7880.19%	22,856	19,095	19.70%
Earning per share attributable to Owners of the Company (sen) ⁽²⁾							
- Basic	B12	1.10	0.004	28988.35%	3.05	2.60	17.32%
- Diluted		1.10	0.004	28988.35%	3.05	2.60	17.32%

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 2021 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.

Comparative figures for the weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share have been restated to reflect the increased number of shares arising from the bonus issue during the year. Excluding the bonus issue, the basic and diluted earnings per ordinary share for the financial year 2021 was 0.01 sen and 4.62 sen respectively.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2022**

	Unaudited 30.06.2022 RM'000	Audited 30.06.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,012	39,454
Right-of-use assets	20,036	11,723
Other investments	418	418
	<u>58,466</u>	<u>51,595</u>
Current Assets		
Inventories	28,983	28,358
Trade and other receivables	46,881	30,976
Prepayments	3,288	5,129
Current tax assets	-	1,165
Cash and bank balances	86,808	78,132
	<u>165,960</u>	<u>143,760</u>
Total assets	<u>224,426</u>	<u>195,355</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	135,702	135,702
Reserves	54,163	31,304
	<u>189,865</u>	<u>167,006</u>
Non-controlling interest	(72)	(69)
Equity attributable to owners of the Company	<u>189,793</u>	<u>166,937</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	5,995	5,969
Borrowings	5,689	-
Lease Liabilities	29	119
	<u>11,713</u>	<u>6,088</u>
Current Liabilities		
Trade and other payables	19,383	22,055
Borrowings	3,239	-
Lease Liabilities	296	206
Current tax liabilities	2	-
Contract liabilities	-	69
	<u>22,920</u>	<u>22,330</u>
Total liabilities	<u>34,633</u>	<u>28,418</u>
Total equity and liabilities	<u>224,426</u>	<u>195,355</u>
Net assets per share attributable to owners of the parents (sen) ⁽²⁾		
	<u>25.26</u>	<u>22.34</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 2021 and the explanatory notes attached to this report.

(2) Based on the number of ordinary shares in issue less Treasury Shares as at 30 June 2022 of 751,783,132 (30 June 2021: 747,471,939).



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED 30 JUNE 2022

	← Attributable to owners of the Company →								
	← Non-Distributable →			Distributable					
	Share Capital RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 01.07.2021									
- as previously stated	135,702	10,765	(60,822)	(4,996)	1	86,356	167,006	(69)	166,937
Foreign currency translation differences for foreign operations	-	-	-	-	7	-	7	8	15
Dividends to owners of the Company	-	-	-	4,936	-	(4,936)	-	-	-
Profit for the financial year	-	-	-	-	-	22,852	22,852	(11)	22,841
At 30.06.2022	<u>135,702</u>	<u>10,765</u>	<u>(60,822)</u>	<u>(60)</u>	<u>8</u>	<u>104,272</u>	<u>189,865</u>	<u>(72)</u>	<u>189,793</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 2021 and the explanatory notes attached to this report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

	Year ended 30 June	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	29,289	25,800
Adjustments for:		
Depreciation of property, plant and equipment	4,723	4,566
Depreciation of right-of-use assets	483	248
Loss/(Gain) on disposal of property, plant and equipment	30	(207)
Reversal of impairment loss on trade receivable	(87)	(1,814)
Unrealised (gain)/loss on foreign exchange	(72)	368
Interest expense	30	16
Interest income	(1,034)	(1,104)
Operating profit before working capital changes	<u>33,362</u>	<u>27,873</u>
Changes in working capital:		
Inventories	(625)	(5,413)
Trade and other receivables	(15,699)	(10,003)
Prepayments	1,841	(3,443)
Trade and other payables	(2,382)	11,312
Contract liabilities	(69)	(181)
Cash from operations	<u>16,428</u>	<u>20,145</u>
Interest paid	(30)	(16)
Income tax paid	(5,255)	(5,293)
Net cash from operating activities	<u>11,143</u>	<u>14,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	20	457
Acquisition of property, plant and equipment	(11,780)	(8,850)
Interest received	1,034	1,104
Net cash used in investing activities	<u>(10,726)</u>	<u>(7,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(348)	(116)
Repayment to a corporate shareholder	(270)	-
Repurchase of treasury shares	-	(4,664)
Dividends paid	-	(2,844)
Proceeds from hire purchase and borrowings	8,928	-
Net cash from/(used in) financing activities	<u>8,310</u>	<u>(7,624)</u>
Net increase/(decrease) in cash and cash equivalents	8,727	(77)
Effect of foreign exchange translation	(51)	(185)
Cash and cash equivalents at beginning of the financial year	<u>78,132</u>	<u>78,394</u>
Cash and cash equivalents at the end of financial year	<u>86,808</u>	<u>78,132</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 2021 and the explanatory notes attached to this report.



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 2021.

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 2021.

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 2021. 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 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and disclosure of Accounting Policies
- Amendments to MFRS108, 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



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 2021.

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

During the financial year, the number of issued and paid up ordinary share capital was increased from 188,000,000 to 752,000,000 by way of 564,000,000 new ordinary shares arising from the issuance of bonus shares on the basis of three bonus shares for every one existing share held.

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter. As at 30 June 2022, the number of treasury shares held were 216,868 ordinary shares at RM147,470.

A8. Dividend paid

On 18 October 2021, a total of 4,473,844 treasury shares amounting to RM4,936,000 were distributed as share dividends to shareholders on the basis of 1 treasury share for every 41 ordinary shares held on 20 October 2021, in respect of the financial year ended 30 June 2022. The share dividend has been credited into the entitled shareholders' securities account maintained with Bursa Malaysia Depository on 8 November 2021.

On 25 July 2022, the Company declared a single-tier interim dividend of 1.40 sen per ordinary share in respect of the financial year ended 30 June 2022 totaled to RM10,524,956. The said dividend has been paid on 16 August 2022 based on the total number of issued shares (excluding treasury shares) of the Company on the entitlement date of 9 August 2022.

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	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
<u>AUTOMOTIVE</u>				
Car seat covers				
- OEM ⁽¹⁾	34,566	15,551	104,958	91,560
- REM ⁽¹⁾	2,639	2,642	9,279	10,110
- PDI ⁽¹⁾	3,512	1,899	12,933	10,570
Sub-total for car seat covers	40,717	20,092	127,170	112,240
Leather cut pieces supply	3,511	1,283	10,830	6,691
<u>Others</u>				
- Sewing of fabric car seat covers	1,457	34	3,295	108
- Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials	2,189	1,497	6,197	6,884
	47,874	22,906	147,492	125,923
<u>OTHERS</u>				
Healthcare	2,712	6,685	16,388	17,925
Aviation	67	44	409	378
Furniture	98	5	105	524
Grand Total	50,751	29,640	164,394	144,750

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

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		Cumulative	
	Quarter Ended		Quarter Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	46,348	27,064	150,219	133,802
Rest of Asia	1,592	601	5,794	3,971
Europe	1,933	743	4,900	3,299
North America	503	353	1,808	1,580
Oceania	375	879	1,673	2,097
Middle East	-	-	-	1
	50,751	29,640	164,394	144,750

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.



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 30 June 2022 are as follows:

	Current Quarter Ended 30.06.2022 RM'000	Cumulative Quarter Ended 30.06.2022 RM'000
Rental charges to related parties		
- Tint Auto (M) Sdn Bhd	54	216
- Rentas Health Sdn Bhd	94	200
Sale to related party		
- Rentas Health Sdn Bhd	2,645	16,388
Purchase from related party		
- Rentas Health Sdn Bhd	-	116
Management service to related party		
- Rentas Health Sdn Bhd	225	480
- Tint Auto (M) Sdn Bhd	490	490

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 corresponding quarter

For the quarter under review, the Group recorded a revenue of RM50.75 million and a profit before tax of RM11.16 million in the current quarter which resulted in a hike of 71% and 540% in revenue and profit before tax respectively as compared to the preceding year's corresponding quarter. The significant increase in revenue and PBT was mainly contributed by the higher sales volume achieved in the Automotive segment for current quarter as compared to shorten operating period in the same period preceding year due to FMCO 3.0 enforced by Government in June 2021 which the Group experienced a total lockdown of its automotive operations.

The Group's revenue was driven by leather upholstery, leather cut pieces supply and healthcare division which have contributed approximately 83%, 7% and 10% of the total revenue respectively. OEM leather car seat segment contributed approximately 83% of the total revenue for leather car seat covers whilst REM and PDI contributed approximately 7% and 10% respectively. Revenue generated from the Healthcare business is lower as opposed to the preceding year's corresponding quarter (Q4 FY2022: RM2.71 million; Q4 FY2021: RM6.69 million) mainly attributable to a decrease in sales while the new agent developing new market penetration.

B2. Financial review for the current quarter compared with the immediately preceding quarter

	Current Year Quarter 30.06.2022 RM'000	Immediate Preceding Quarter 31.03.2022 RM'000	Variance	
			RM'000	%
Revenue	50,751	45,654	5,097	11%
Profit before tax	11,160	9,806	1,354	14%

For the current quarter under review, the Group's revenue increased by 11% to RM50.75 million from RM45.65 million in the immediate preceding quarter.

The profit before taxation in the current quarter improved by 14% to RM11.16 million, primarily attributable to increase in sales volume for car seat cover for various models.



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

B3. Prospects

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). Domestic demand continued to strengthen, supported by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. Exports continued buoyed by strong demand for Electronic & Electrical products. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

Automotive segment

The strong economy is fully reflected in the Automotive sector, according to the recent data released by the Malaysian Automotive Association (“MAA”), Malaysia’s newly registered vehicles in the first half of 2022 rose 33% y-o-y to 331,386 units, an increase from 249,178 units in the same period last year. MAA had recently increased its Total Industry Volume forecast for 2022 by another 5%, from 600,000 units to 630,000 units. Strong car sales orders with a total of 500,000 cars that are expected to be delivered before end-March 2023 by all automotive brands will definitely boost the sales significantly to the Group’s automotive segment.

The leading national automaker, Perodua reported recently that based on the production trajectory, it will exceed its original target for this year, which is 247,800 units, thus setting a new sales record in 2022. Proton’s overall sales for the year stood at 71,601 units, an increase of 19.7% over the same period in 2021, and has announced it is on target for another year of double-digit growth.

Pecca’s collaboration with Malaysia Automotive Robotics and IoT Institute (“MaRii”) will allow the Group to open up new doors to other OEMs locally and overseas to penetrate the luxury brand market under the localisation plan with MaRii. MaRii has recently concluded with the Group on its Supplier Competitiveness Level Programme report which indicates the level of competitiveness across OEM Automotive Stakeholders in which Pecca scored above the Malaysian average.

With the re-opening of the economy globally, the Group expects to expand its foreign customer base in the Replacement Equipment Manufacturer (“REM”) segment and penetrate new markets into US, Australia, New Zealand, Singapore and Europe.

Aviation segment

Pecca is also certified by the Department of Civil Aviation (DCA) Malaysia for the servicing and refurbishment works for the aircraft, this allows the Group to provide refurbishment services and supply leather seat covers to locally registered aircraft. The next milestone to achieve by the Group in this segment is to obtain the certification from European Aviation Safety Agency (EASA) targeting by 1H 2023 to allow Pecca to service and supply leather seat covers to European registered aircraft as well.

This is a more stringent and regulated segment with a fast turnaround time for delivery, we are confident that this segment will further expand the margin of the Group.



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

B3. Prospects *(continued)*

Healthcare segment

The Group expects the demand for PPE products to sustain as medical-grade masks and other mask varieties will continue to be a necessary part of daily life for much of the foreseeable future. Although the government has relaxed rules for the usage of face masks outdoors, it is still strongly encouraged to wear face masks, especially in crowded areas. While it is still mandatory to wear facemasks indoors, the Group does not foresee a severe impact on the face masks business.

To further solidify its presence in the market, Rentas Health has engaged with leading grocery and pharmacy chains across East and West Malaysia to further penetrate the local market. This will certainly bring in more orders and ensure sustainability for the Group's healthcare segment. The Group has continuously enhanced the quality and design of its facemasks for better value for money and stylish as the fashion for customers to be the preferred brand.

Overall

With the growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remaining of the year, also with the strong orders for automakers, Pecca is confident in the trend of demand will continue to grow for the new financial year, FY2023. The Group's margin would also benefit from improving labour market conditions that ease the labour shortages and the continued implementation of multi-year investment projects by the Government.

The Group will continue to focus on cost efficiency through continuous process improvement, automation and prudent procurement strategies. Despite the new minimum wage of RM1,500 per month having taken effect from 1 May 2022, it remains at manageable levels. The Group has been working with various stakeholders to share the burden of rising operations costs.

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.

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

B5. Profit before tax

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

	Current Quarter Ended 30.06.2022 RM'000	Cumulative Quarter Ended 30.06.2022 RM'000
Interest income	(328)	(1,034)
Depreciation of:		
- Property, plant and equipment	1,156	4,723
- Right of use asset	128	483
(Reversal of)/Inventories written down to net realisable value	(61)	(55)
Reversal of impairment loss on trade receivable	(31)	(87)
(Gain)/(Loss) on disposal of property, plant and equipment	(2)	30
Realised foreign exchange loss	168	201
Unrealised foreign exchange gain	(71)	(72)

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 30.06.2022 RM'000	Cumulative Quarter Ended 30.06.2022 RM'000
Income tax expense	2,915	6,448

The Group's effective tax rate for the cumulative quarter of 22% is lower than the statutory tax rate of 24% mainly due to the overprovision of current tax and deferred tax expense in prior year reversed in the current period.

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

B7. Status of Corporate Proposals

On 2 August 2021, The Board of Directors of the company announced the following proposals:-

- i. an acquisition of 204,000 ordinary shares in Rentas Health Sdn. Bhd., representing 51% equity interest in Rentas Health Sdn. Bhd. for a purchase consideration of RM100,000,000 ("Purchase Consideration"). The Purchase Consideration shall be satisfied via a combination of RM50,000,000.00 in cash and issuance of 11,990,400 new Pecca Shares at an issue price of RM4.17 per Pecca Share; and
- ii. a diversification of the existing principal activities of the Company and its subsidiaries to include healthcare related businesses.

On 8 November 2021, the Company had entered into a Mutual Rescission and Release Agreement with Rentas Health Sdn. Bhd. to mutually terminate and rescind the share sale and purchase agreement ("SPA") in accordance with clause 10.1.1 of the SPA, with effect from the date of the Mutual Rescission and Release Agreement. As such, the Proposed Acquisition has been aborted following the termination of the SPA. Accordingly, the Proposed Diversification will be aborted.

On 24 November 2021, The Board of Directors of the Company announced that the Company signed a Memorandum of Understanding with Malaysia Automotive Robotics and IoT Institute ("MARii") for the Company and its subsidiaries market expansion of products as well as collaboration in electric vehicles parts and components technology.

On 6 January 2022, the Company announced that it proposes to undertake a Proposed Bonus Issue of 564 million new ordinary shares ("Bonus Shares") in the company on the basis of three Bonus Shares for every one existing share held by its shareholders.

On 12 January 2022, the Company's wholly-owned subsidiary, Pecca Leather Sdn. Bhd. has entered into a Sale and Purchase Agreement ("SPA") with UMW Development Sdn. Bhd. for the acquisition of a vacant leasehold industrial land free from encumbrances measuring approximately 4.31 acres of land in Serendah, Daerah Ulu Selangor, Negeri Selangor at a purchase consideration of RM8.45 million. The acquisition of land is proposed to build and construct a second manufacturing facility for the Company's operations.

On 17 January 2022, Bursa Malaysia Securities Berhad has given written approval on the listing and quotation for 564 million new shares to be issued pursuant to the Proposed Bonus Issue of Shares.

On 25 February 2022, the EGM has been successfully convened at 10.00 a.m. and the shareholders approved the Proposed Bonus Issue.

On 23 May 2022, the Company announced that the entitlement date for Bonus Issue is on 7 June 2022 and the date of the listing and quotation for the Bonus Shares will be on 8 June 2022, being the next market day immediately after the entitlement date.

On 24 May 2022, the Company announced that MARii has performed an assessment of the Supplier Competitiveness Level programme on the Company, which Pecca has achieved a rating above the Malaysia average.



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

B7. Status of Corporate Proposals *(continued)*

On 8 June 2022, the Company announced that the Bonus Issue of 564,000,000 new ordinary shares have been completed and successfully listed.

On 28 June 2022, the Company's wholly-owned subsidiary, Pecca Leather Sdn. Bhd. has fully paid the purchase price upon the completion and handing over of the vacant leasehold industrial land in Serendah, Daerah Ulu Selangor, Negeri Selangor.

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 proceeds for working capital and extend the timeframe 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 was 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 as of 30 June 2022 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	(64)	9
Total Public Issue Proceeds		67,870	(65,229)	96

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.



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

B9. Group borrowings

	Current Quarter Ended 30.06.2022 RM'000
Short term borrowings	
Secured:	
Banker Acceptance	2,584
Hire purchase	25
Term loan	630
	<u>3,239</u>
Long term borrowings	
Secured:	
Hire purchase	19
Term loan	5,670
	<u>5,689</u>
	<u>8,928</u>

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

As at 30 June 2022, the Company has extended corporate guarantees amounting to RM8.88 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 Directors do not recommend any final dividend to be paid for the financial year ended 30 June 2022.



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 30.06.2022 RM'000	Cumulative Quarter Ended 30.06.2022 RM'000
Profit attributable to equity holders	8,248	22,852
Weighted average number of ordinary shares in issue excluding Treasury Shares	750,340	750,340
Basic earnings per share (sen)	1.10	3.05
Diluted earnings per share (sen)	1.10	3.05

(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 30 June 2022.

B13. Authorisation for Issue

The interim Financial Statements were authorised for issue by the Board of Directors on 29 August 2022.

BY ORDER OF THE BOARD

Kuala Lumpur
29 AUGUST 2022