



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 FOURTH QUARTER ENDED 30 JUNE 2023

	Notes	Individual Quarter			Cumulative Quarter		
		Current Year Quarter	Preceding Year Quarter	Variance	Current Year-To-Date	Preceding Year-To-Date	Variance
		30.06.2023 RM'000	30.06.2022 RM'000	%	30.06.2023 RM'000	30.06.2022 RM'000	%
Revenue	A9	54,329	50,751	7%	221,258	164,394	35%
Cost of sales		(35,343)	(35,555)	1%	(153,499)	(118,563)	(29%)
Gross profit		18,986	15,196	25%	67,759	45,831	48%
Other Income		1,137	1,554	(27%)	3,399	2,762	23%
Selling and distribution expenses		(1,552)	(1,496)	(4%)	(6,346)	(5,417)	(17%)
Administrative expenses		(4,943)	(4,081)	(21%)	(17,523)	(13,857)	(26%)
Operating Profit		13,628	11,173	22%	47,289	29,319	61%
Finance costs		(98)	(13)	(654%)	(342)	(30)	(1040%)
Share of result of joint venture		(9)	-	100%	*	-	100%
Profit before tax	B5	13,521	11,160	21%	46,947	29,289	60%
Income tax expense	B6	(3,418)	(2,915)	(17%)	(11,521)	(6,448)	(79%)
Profit for the period		10,103	8,245	23%	35,426	22,841	55%
Other comprehensive income, net of tax							
Revaluation of lands and buildings		8,200	-	100%	8,200	-	100%
Actuarial loss on employment benefit		(2)	-	(100%)	(2)	-	(100%)
Exchange difference on translation of foreign operations		118	2	5800%	110	15	633%
Total comprehensive income for the financial period		18,419	8,247	123%	43,734	22,856	91%
Profit attributable to:							
Owners of the company		10,084	8,248	22%	35,404	22,852	55%
Non-controlling interest		19	(3)	733%	22	(11)	300%
Profit for the period		10,103	8,245	23%	35,426	22,841	55%
Total comprehensive income for the financial period							
Owners of the Company		18,378	8,249	123%	43,694	22,859	91%
Non-controlling interest		41	(2)	2150%	40	(3)	1433%
Total comprehensive income for the year		18,419	8,247	123%	43,734	22,856	91%
Earnings per share attributable to Owners of the Company (sen) ⁽²⁾							
- Basic	B12	1.34	1.10	22%	4.71	3.07	53%
- Diluted		1.34	1.10	22%	4.71	3.07	53%

* Amount less than RM1,000

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 2022 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.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2023

	Unaudited	Audited
	30.06.2023	30.06.2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,784	38,013
Right-of-use assets	24,469	20,036
Intangible assets	141	-
Deferred tax assets	8	-
Other investments	418	418
	<u>67,820</u>	<u>58,467</u>
Current Assets		
Inventories	28,445	28,983
Trade and other receivables	54,993	46,544
Contract assets	130	337
Prepayments	1,399	3,287
Current tax assets	35	-
Cash and bank balances	111,236	86,808
	<u>196,238</u>	<u>165,959</u>
Total assets	<u>264,058</u>	<u>224,426</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	135,702	135,702
Reserves	77,108	54,163
	<u>212,810</u>	<u>189,865</u>
Non-controlling interest	410	(72)
Equity attributable to owners of the Company	<u>213,220</u>	<u>189,793</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	6,640	5,995
Employee benefit	30	-
Borrowings	5,040	5,670
Lease liabilities	478	49
	<u>12,188</u>	<u>11,714</u>
Current Liabilities		
Trade and other payables	24,945	19,383
Borrowings	6,849	3,214
Lease liabilities	516	320
Current tax liabilities	6,340	2
	<u>38,650</u>	<u>22,919</u>
Total liabilities	<u>50,838</u>	<u>34,633</u>
Total equity and liabilities	<u>264,058</u>	<u>224,426</u>
Net assets per share attributable to owners of the parents (sen)	<u>28.31</u>	<u>25.26</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 2022 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 2023 of 751,783,132 (30 June 2022: 751,783,132).



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOURTH QUARTER ENDED 30 JUNE 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 01.07.2022	135,702	(60)	(60,822)	8	10,765	-	104,272	189,865	(72)	189,793
Profit after taxation for the financial year	-	-	-	-	-	-	35,404	35,404	22	35,426
Other comprehensive income for the financial year										
- Actuarial loss on employee benefit	-	-	-	-	-	(2)	-	(2)	-	(2)
- Revaluation of lands and buildings	-	-	-	-	8,200	-	-	8,200	-	8,200
- Foreign currency translation differences for foreign operations	-	-	-	92	-	-	-	92	18	110
Transactions with owners										
- Dividends to owners of the Company	-	-	-	-	-	-	(20,749)	(20,749)	-	(20,749)
- Non-controlling interest arising from acquisition of a new subsidiary	-	-	-	-	-	-	-	-	442	442
At 30.06.2023	<u>135,702</u>	<u>(60)</u>	<u>(60,822)</u>	<u>100</u>	<u>18,965</u>	<u>(2)</u>	<u>118,927</u>	<u>212,810</u>	<u>410</u>	<u>213,220</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 2022 and the explanatory notes attached to this report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

	12 months ended 30 June	
	2023	2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	46,947	29,289
Adjustments for:		
Depreciation of property, plant and equipment	4,234	4,639
Depreciation of right-of-use assets	654	483
Fixed assets written off	151	-
Net (gain)/loss on disposal of property, plant and equipment	(21)	(20)
Addition/(Reversal) of impairment loss on trade receivable	120	(96)
Impairment of plant and machinery	2,000	-
Plant and equipment written off	-	50
Inventories written down	750	32
Unrealised gain on foreign exchange	(349)	(56)
Interest expense	342	44
Interest income	(2,398)	(1,034)
Post employment benefits	2	-
Operating profit before working capital changes	<u>52,432</u>	<u>33,331</u>
Changes in working capital:		
Inventories	392	(657)
Trade and other receivables	(7,011)	(15,353)
Contract Asset	207	(337)
Prepayments	1,888	1,842
Trade and other payables	(255)	(2,383)
Contract liabilities	-	(69)
Cash from operations	<u>47,653</u>	<u>16,374</u>
Interest paid	(342)	(44)
Income tax paid	(7,572)	(5,255)
Net cash from operating activities	<u>39,739</u>	<u>11,075</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(4,084)	(3,198)
Acquisition of right-of-use asset	-	(8,448)
Net cash on acquisition of a subsidiary	(995)	-
Proceeds from disposal of plant and equipment	337	20
Interest received	2,398	1,034
Net cash for investing activities	<u>(2,344)</u>	<u>(10,592)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(701)	(354)
Repayment to a corporate shareholder	-	(270)
Dividends paid	(15,637)	-
Net proceeds from borrowings	2,961	8,884
Net cash (for)/from financing activities	<u>(13,377)</u>	<u>8,260</u>
Net increase in cash and cash equivalents	24,018	8,743
Effect of foreign exchange translation	410	(67)
Cash and cash equivalents at beginning of the financial year	<u>86,808</u>	<u>78,132</u>
Cash and cash equivalents at the end of financial year	<u>111,236</u>	<u>86,808</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 2022 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 2022.

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 2022.

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 2022. 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- 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: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements



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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 2022.

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 30 June 2023, the number of treasury shares held were 216,868 ordinary shares at RM0.06 million.

A8. Dividend paid

The second interim single-tier dividend of 0.68 sen per ordinary share in respect of the financial year ending 30 June 2023 was declared on 13 June 2023 and paid on 7 July 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 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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<u>AUTOMOTIVE</u>				
Car seat covers				
- OEM ⁽¹⁾	41,509	34,566	166,353	104,958
- REM ⁽¹⁾	1,711	2,639	7,457	9,279
- PDI ⁽¹⁾	5,114	3,512	20,376	12,933
Sub-total for car seat covers	48,334	40,717	194,186	127,170
Leather cut pieces supply	134	3,511	5,666	10,830
<u>Others</u>				
- Sewing of fabric car seat covers	2,440	1,457	9,908	3,295
- Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials	2,665	2,189	7,602	6,197
	53,573	47,874	217,362	147,492
<u>OTHERS</u>				
Healthcare	685	2,712	3,089	16,388
Aviation	68	67	773	409
Furniture	3	98	34	105
Grand Total	54,329	50,751	221,258	164,394

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		Cumulative	
	Quarter Ended		Quarter Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	50,577	46,348	210,788	150,219
Rest of Asia	2,116	1,592	3,298	5,794
Europe	1,098	1,933	4,612	4,900
North America	364	503	1,665	1,808
Oceania	174	375	895	1,673
	<u>54,329</u>	<u>50,751</u>	<u>221,258</u>	<u>164,394</u>

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING *(continued)*
A10. Valuation of property, plant and equipment

The Group has carried out the valuation on its properties in the current quarter. The revaluation exercises were carried out to determine the fair value of the Properties in compliance with MFRS 116: Property, Plant and Equipment and to reflect the fair value of the Properties in the consolidated financial statements of the Group for the financial year ended 30 June 2023.

The details of the revaluation surplus of the Properties are set out below:-

Location	Description	Valuer/Valuation date	Market Value RM'000	Net Revaluation Surplus (after deferred tax) RM'000
No.1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur.	1 unit of 5-storey office building with a mezzanine floor annexed to a 5-storey flatted factory building and a 6-storey hostel building together with a guardhouse / carpark shed	Henry Butcher Malaysia/30 June 2023	38,800	7,394
No. HSD 63081, Lot No. PT 17942 Seskyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor	A Parcel of Vacant Industrial Land	Henry Butcher Malaysia/30 June 2023	9,400	795
B-5-1, 5th floor, Block B, Damansara Sutera Apartment, Persiaran KIP Utama, Kipark Damansara, 52200 Kuala Lumpur.	A unit of 3-bedroom Apartment	Henry Butcher Malaysia/30 June 2023	350	11

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

A15. Related Party Transactions

The Group's related party transactions for the current quarter and the cumulative quarter ended 30 June 2023 are as follows:

	Current Quarter Ended 30.06.2023 RM'000	Cumulative Quarter Ended 30.06.2023 RM'000
Rental charges to related parties		
- Tint Auto (M) Sdn Bhd	54	216
- Rentas Health Sdn Bhd	67	269
Sale to related party		
- Rentas Health Sdn Bhd	684	3,089
Management service to related parties		
- Rentas Health Sdn Bhd	(101)	90
- Tint Auto (M) Sdn Bhd	360	360
Warehouse service charge from related party		
- Rentas Health Sdn Bhd	-	26

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

The Group registered a stronger revenue of RM54.33 million and profit before tax ("PBT") of RM13.52 million in the current quarter, which increased by 7% and 21% compared to the preceding year's corresponding quarter. Higher in revenue and PBT for the current quarter under review are mainly attributable to the increase in sales volume from the Automotive Segment and operating costs improvement.

The Group's revenue was still mainly driven by leather upholstery, sewing of fabric and supply of car accessories covers together with the provision of wrapping and stitching services, which contributed about 89%, 4%, and 5% of the total revenue respectively. OEM leather car seat segment contributed about 86% of the total revenue for leather car seat covers whilst REM and PDI contributed about 3% and 11% respectively.

In contrast, the revenue from the Healthcare business is lower as opposed to the preceding year's corresponding quarter (Q4 FY2023: RM0.69 million; Q4 FY2022: RM2.71 million), mainly resulting from the decline in sales volume. The sales of facemasks are expected to be relatively soft and slow in view of the Covid-19 virus subsides and the relaxation of the facemask precautionary rules towards the COVID-19 endemic phase.

The other income for the current quarter is slightly lower, mainly due to lower management fees charged in current quarter compared to preceding year corresponding quarter but partially offset by higher interest income earned from term deposits and short-term investments in the current quarter under review.

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 and allocation of company incentive trip as the appreciation on the excellent efforts contributed by all levels of staff in achieving another record high revenue and profit after tax (PAT) for the Group. The PAT reported at RM10.1 million for the quarter under review as compared to RM8.2 million in the preceding's year corresponding quarter.

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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 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Variance	
			RM'000	%
Revenue	54,329	58,583	(4,254)	-7%
Profit after tax	10,103	8,562	1,541	18%

For the current quarter under review, the Group recorded lower revenue of RM54.3 million, compared to RM58.6 million in immediate preceding quarter. The decrease of revenue is mainly due to the factory closure of customers during festival seasons of Hari Raya Aidilfitri and Hari Raya Haji in the month of April 2023 and June 2023, which resulted lower sales volume in the current quarter.

Despite the revenue decreased by 7%, the PAT in the current quarter improved about 18% or equivalent to RM1.5 million, from RM8.56 million to RM10.1 million in the current quarter. The higher PAT was mainly attributed to operating costs reduction and higher efficiency for both direct labour and material usage in production which resulted from significant cost savings in the current quarter under review.

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

B3. Prospects

Malaysian Economy Outlook 2023

According to the International Monetary Fund (IMF), Malaysia's economy is projected to expand between 4% and 5% in 2023.

Domestic demand is expected to be the key driver of growth, buoyed by better employment prospects, policies for vulnerable households, and a rebound in tourism. Malaysia's economy is also seen as a beneficiary of continued investments in the manufacturing and services sectors. On this front, Malaysia is expected to gain from trade diversion and 'China Plus One' – a strategy by multinational corporations that involves diversifying business operations and supply chains across Asia, besides China.

In 2023, the IMF expects Southeast Asia's GDP to expand by 4.6%, down from 5.7% in 2022. Reduced overseas demand from US and Europe will be a drag on growth, though this should be offset by tailwinds from China's economic re-opening.

Continued regional economic growth will bode well for Pecca Group, both in its home market, Malaysia, and other markets in South-East Asia.

Automobile segment

The Malaysian Automotive Association (MAA) expects sales of new vehicles -- as measured by total industry volume (TIV) -- to hit 725,000 in 2023. This forecast, announced in July 2023, is an upwards revision from MAA's previous projection of 650,000 units.

Notably, the projected 2023 TIV exceeds 2022's TIV of 720,658, a historical record. This new forecast is driven by a variety of factors including high order books, strength in the domestic economy, new model launches, as well as an improved automotive industry supply chain environment.

Pecca's major customer, Perodua, has announced plans to ramp up production and launch new models in 2023. This should trigger increased demand for upholstery and related supplies. Pecca will continue positioning itself as a provider of choice for global and local automotive players, enabling it to ride the wave of rising demand.

In March 2023, Pecca obtained approval from Indonesian government authorities to complete the acquisition of the 80% equity stake in PT Gemilang Maju Kencana (GMK), an Indonesian supplier of upholstery, leather wrapping and seat covers. The Management believes this acquisition will allow Pecca to gain immediate access and orders from the Indonesian automotive market.

The semiconductor shortage situation, which had adversely impacted the automotive industry, has largely abated as of mid-2023. This has resulted in improved production momentum for automakers and suppliers, which bodes well for the outlook for the overall auto sector.



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

B3. Prospects *(continued)*

Aviation segment

The global easing of cross-border travel restrictions has unleashed a steady recovery in air travel demand. Aena, the world's biggest airport operator by passenger volume, reported that traffic had recovered to 100.5% of pre-pandemic levels as of the first half of 2023.

As travel demand rises, global airlines are planning to increase flight frequencies and introduce new routes. This bodes well for the market for aircraft, aircraft parts, and maintenance, repair, and operations (MRO) activities.

To capitalise on these opportunities, Pecca is working to expand its customer portfolio within the aviation space, both locally and globally. In July 2023, Pecca signed a Memorandum of Understanding (MoU) with Aero Cabin Solutions SAS (ACS), a French aircraft interior specialist, to explore opportunities in the aircraft interiors market in the Asia-Pacific. Under the MoU, Pecca and ACS intend to form a one-stop aircraft solution centre based in Malaysia, to supply upholstery seat covers and manage, repair and refurbish aircraft interiors under EASA-approved capabilities. In May 2023, Pecca entered a memorandum of understanding (MoU) with Global Component Asia (GCA) Sdn Bhd, a major MRO player in Malaysia. GCA and Pecca intend to work together to provide cabin interior solutions and seat cover products and services in Southeast Asia, including Malaysia and Australasia. Both of these new partnerships aim to leverage Pecca's competitive advantage as the only EASA-certified (POA) C2 Certificate holder in Malaysia, as of to date.

Overall

Pecca is confident that it will continue benefiting from strong demand for its upholstery products in the automotive segment, considering the industry is projecting another historical record for Malaysia TIV in 2023, and the Group is making inroads in the Indonesian automotive market.

Moving forward, Pecca's aviation business will be one of the Group's key revenue drivers, given the new market opportunities that have been unlocked with its EASA certification.

The Management will continue its efforts to penetrate new markets, while further improving productivity levels with a focus on cost efficiency and 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 30.06.2023 RM'000	Cumulative Quarter Ended 30.06.2023 RM'000
Interest income	(710)	(2,398)
Depreciation of:		
- Property, plant and equipment	1,020	4,234
- Right of use asset	247	654
Impairment loss on trade receivable	62	120
Net gain on disposal of property, plant and equipment	(1)	(21)
Net realised foreign exchange (gain)/loss	(24)	329
Net unrealised foreign exchange gain	(156)	(349)

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 30.06.2023 RM'000	Cumulative Quarter Ended 30.06.2023 RM'000
Income tax expense	<u>3,418</u>	<u>11,521</u>

The effective tax rate for the cumulative quarter is slightly higher of 24.5% 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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(Incorporated in Malaysia)

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 as of 30 June 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	(196)	26
Total Public Issue Proceeds		67,870	(65,361)	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.

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

	Current Quarter Ended 30.06.2023 RM'000	Audited 30.06.2022 RM'000
Short term borrowings		
Secured:		
Banker Acceptance	3,800	1,087
Post Shipment Buyer Loan	2,400	1,497
Hire purchase	19	-
Term loan	630	630
	<u>6,849</u>	<u>3,214</u>
Long term borrowings		
Secured:		
Term loan	5,040	5,670
	<u>5,040</u>	<u>5,670</u>
	<u>11,889</u>	<u>8,884</u>

Banker' Acceptances, post shipment buyer loan and term loan are secured by corporate guarantees of the Company.

As at 30 June 2023, the Company has extended corporate guarantees amounting to RM11.87 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 third interim single-tier dividend of 1.00 sen per ordinary shares in respect of financial year ended 30 June 2023.

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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 30.06.2023 RM'000	Cumulative Quarter Ended 30.06.2023 RM'000
Profit attributable to equity holders	<u>10,084</u>	<u>35,404</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>1.34</u>	<u>4.71</u>
Diluted earnings per share (sen)	<u>1.34</u>	<u>4.71</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 year ended 30 June 2023.

B13. Authorisation for Issue

The interim Financial Statements were authorised for issue by the Board of Directors on 29 August 2023.

BY ORDER OF THE BOARD

Kuala Lumpur
29 August 2023