

Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Second Quarter Ended 30 June 2021



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

	Note	Three Months Ended		Six Months Ended	
		30.06.2021 Unaudited RM'000	30.06.2020 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2020 Unaudited RM'000
Revenue		40,055	N/A	81,716	N/A
Cost of sales		(31,852)	N/A	(61,665)	N/A
Gross profit		8,203	N/A	20,051	N/A
Other income		295	N/A	501	N/A
Administrative expenses		(6,783)	N/A	(12,742)	N/A
Other expenses		58	N/A	(23)	N/A
Operating profit		1,773	N/A	7,787	N/A
Finance income		97	N/A	141	N/A
Finance costs		(247)	N/A	(540)	N/A
Share of (loss)/profit in associates		(146)	N/A	4	N/A
Profit before tax		1,477	N/A	7,392	N/A
Tax expense	B5	(460)	N/A	(1,879)	N/A
Profit for the period		1,017	N/A	5,513	N/A
Other comprehensive income for the period, net of tax		-	N/A	-	N/A
Total comprehensive income for the period		1,017	N/A	5,513	N/A

Pekat Group Berhad (201901011563 (1320891-U))
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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

	Note	Three Months Ended		Six Months Ended	
		30.06.2021 Unaudited RM'000	30.06.2020 Unaudited RM'000	30.06.2021 Unaudited RM'000	30.06.2020 Unaudited RM'000
Profit attributable to:					
Owners of the Company		1,043	N/A	5,587	N/A
Non-controlling interests		(26)	N/A	(74)	N/A
		<u>1,017</u>	<u>N/A</u>	<u>5,513</u>	<u>N/A</u>
Total comprehensive income attributable to:					
Owners of the Company		1,043	N/A	5,587	N/A
Non-controlling interests		(26)	N/A	(74)	N/A
		<u>1,017</u>	<u>N/A</u>	<u>5,513</u>	<u>N/A</u>
Earnings per share:					
Basic (sen)	B11	<u>0.20</u>	<u>N/A</u>	<u>1.09</u>	<u>N/A</u>
Diluted (sen)	B11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 2 June 2021 ("Prospectus") and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year's quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

*N/A denotes not applicable.

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

	Note	30.06.2021 Unaudited RM'000	31.12.2020 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		20,050	20,073
Intangible assets		579	640
Investment in associates		5,304	2,150
Trade receivables		47	246
Total non-current assets		<u>25,980</u>	<u>23,109</u>
Current assets			
Other investments		2,382	1,159
Inventories		21,063	11,019
Trade receivables		32,334	28,921
Other receivables		3,448	3,183
Contract assets		21,745	23,971
Amount due from associates		4,878	9,240
Fixed deposits with licensed banks		13,071	9,135
Cash and bank balances		55,111	15,076
Total current assets		<u>154,032</u>	<u>101,704</u>
TOTAL ASSETS		<u>180,012</u>	<u>124,813</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		93,954	50,630
Merger reserve		(50,080)	(50,080)
Retained earnings		68,843	63,256
		112,717	63,806
Non-controlling interests		41	70
Total equity		<u>112,758</u>	<u>63,876</u>

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

	Note	30.06.2021 Unaudited RM'000	31.12.2020 Audited RM'000
EQUITY AND LIABILITIES (continued)			
Liabilities			
Non-current liabilities			
Lease liabilities		128	392
Borrowings	B8	13,113	13,331
Deferred tax liabilities		237	237
Total non-current liabilities		13,478	13,960
Current liabilities			
Trade payables		19,171	20,184
Other payables		2,047	2,759
Contract liabilities		8,733	8,716
Lease liabilities		264	261
Borrowings	B8	22,640	13,718
Tax payable		921	1,339
Total current liabilities		53,776	46,977
Total liabilities		67,254	60,937
TOTAL EQUITY AND LIABILITIES		180,012	124,813
Net assets per share attributable to owners of the Company (RM)⁽²⁾		0.17	0.10

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company and the accompanying explanatory notes attached to these interim financial statements. The consolidated statements of financial position as at 31 December 2020 are based on the Accountants' Report set out in the Prospectus.

(2) Computed based on total equity divided by the number of ordinary shares outstanding of 644,968,200 after completion of the Initial Public Offering ("IPO") of the Company.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	< -----Non-Distributable----- >		Distributable	Attributable	Non-	Total Equity
	Share Capital	Merger	Retained	to Owners of	Controlling	
<u>Period ended 30 June 2021</u>	RM'000	Reserve	Earnings	the Company	Interests	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	50,630	(50,080)	63,256	63,806	70	63,876
Total comprehensive income for the period	-	-	5,587	5,587	(74)	5,513
Transaction with owners:						
Issuance of shares	44,374	-	-	44,374	-	44,374
Share issuance expenses	(1,050)	-	-	(1,050)	-	(1,050)
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	45	45
At 30 June 2021	93,954	(50,080)	68,843	112,717	41	112,758

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company and the accompanying explanatory notes attached to these interim financial statements.

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

	Six Months Ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	7,392	N/A
Adjustments for:		
Amortisation of intangible assets	67	N/A
Depreciation of property, plant and equipment	387	N/A
Dividend income	(124)	N/A
Fair value loss on other investment	3	N/A
Interest expenses	540	N/A
Interest income	(141)	N/A
Reversal of provision for foreseeable losses	(355)	N/A
Reversal of impairment loss on trade receivables	(8)	N/A
Share of profit in associates	(4)	N/A
Unrealised gain on foreign exchange	(32)	N/A
Written off of trade receivables	20	N/A
	<hr/>	<hr/>
Operating profit before working capital changes	7,745	N/A
Changes in working capital:		
Inventories	(10,044)	N/A
Receivables	(3,491)	N/A
Payables	(1,693)	N/A
Contract assets or liabilities	2,598	N/A
Associates	4,362	N/A
	<hr/>	<hr/>
Cash generated from operations	(523)	N/A
Interest received	102	N/A
Tax paid	(2,297)	N/A
	<hr/>	<hr/>
Net cash used in operating activities	(2,718)	N/A
INVESTING ACTIVITIES		
Acquisition of intangible assets	(6)	N/A
Acquisition of investment in associates	(3,150)	N/A
Acquisition of other investment	(1,226)	N/A
Acquisition of property, plant & equipment	(364)	N/A
Dividend received	124	N/A
Interest received	39	N/A
	<hr/>	<hr/>
Net cash used in investing activities	(4,583)	N/A

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

	Six Months Ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Placement of fixed deposits pledged with licensed bank	(3,936)	N/A
Interest paid	(540)	N/A
Net drawdown of bankers' acceptances	8,817	N/A
Net repayment of term loan	(113)	N/A
Repayment of lease liabilities	(261)	N/A
Proceeds from issuance of shares	44,374	N/A
Share issuance expenses	(1,050)	N/A
Proceeds from subscription of shares in a subsidiary by non-controlling interests	45	N/A
Net cash from financing activities	47,336	N/A
Net increase in cash and cash equivalents	40,035	N/A
Cash and cash equivalents at beginning of financial period	15,076	N/A
Cash and cash equivalents at end of financial period	55,111	N/A
Cash and cash equivalents included in the statement of cash flows comprise the followings:		
Cash and bank balances	55,111	N/A
Fixed deposits with licensed banks	13,071	N/A
	68,182	N/A
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(13,071)	N/A
	55,111	N/A

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (collectively known as “the Group”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also complied with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

This is the second interim financial report on the Company’s unaudited condensed consolidated financial results for the second quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company and the accompanying explanatory notes are an integral part of this interim financial report.

A2. Significant Accounting Policies

Significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those as disclosed in the Accountants’ Report in the Prospectus of the Company.

At the date of authorisation of this interim financial report, the Group has not applied in advance the following accounting standards and interpretations that have been issued by the MASB but not yet effective:-

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018-2020*”
- Amendments to MFRS 3: *Reference to the Conceptual Framework*
- Amendments to MFRS 116: *Proceeds before Intended Use*
- Amendments to MFRS 137: *Onerous Contracts – Cost of Fulfilling a Contract*

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17: *Insurance Contracts*
- Amendments to MFRS 4: *Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 17: *Insurance Contracts*
- Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101: *Disclosure of Accounting Policies*
- Amendments to MFRS 108: *Definition of Accounting Estimates*
- Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

A2. Significant Accounting Policies (continued)

The Group intends to adopt these new standards, amendments to the published standards and interpretations, if applicable, when they become effective. The initial application of the MFRSs and amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

Save for certain business activities that were affected by international copper price and solar photovoltaic module price, the Group does not experience any material seasonality.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. Changes in Estimates

There were no changes in estimates that have a material effect on the current financial quarter under review.

A7. Debt and Equity Securities

There were no significant issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review except for the followings:-

On 11 September 2020, the Company entered into a conditional share sale agreement with Pekat Teknologi Sdn. Bhd. ("Pekat Teknologi") and its subsidiaries to acquire the entire equity interest in Pekat Teknologi for a total purchase consideration of RM50,630,000 to be satisfied via the issuance of 506,300,000 new ordinary shares at an issue price of RM0.10 per share. The acquisition of Pekat Teknologi was completed on 17 March 2021. Thereafter, Pekat Teknologi became a wholly-owned subsidiary of the Company.

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

A7. Debt and Equity Securities (continued)

On 2 June 2021, the Company issued its Prospectus for its initial public offering (“IPO”) comprising public issue of 138,668,000 new ordinary shares in the Company at an issue price of RM0.32 per share. The Company successfully listed its entire enlarged share capital of 644,968,200 shares on the ACE Market of Bursa Malaysia Securities Berhad on 23 June 2021.

A8. Dividend

There was no dividend paid during the current financial quarter under review.

A9. Segmental Reporting

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

Period Ended 30 June 2021	Solar Photovoltaics RM'000	Earthing and Lightning Protection RM'000	Trading RM'000	Adjustments/ eliminations RM'000	Total RM'000
Revenue					
Sales to external customers	52,352	15,188	14,176	-	81,716
Inter-segment sales	-	22	15,688	(15,710)	-
	<u>52,352</u>	<u>15,210</u>	<u>29,864</u>	<u>(15,710)</u>	<u>81,716</u>
Results					RM'000
Segment profit					7,787
Finance income					141
Finance costs					(540)
Share of profit in associates					4
Profit before tax					<u>7,392</u>

No comparative figures for the preceding year’s corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

A10. Material Events Subsequent to the End of Current Financial Period

On 3 August 2021, the Company’s wholly owned subsidiary Pekat Teknologi Sdn. Bhd. (“Pekat Teknologi”) has entered into a Joint Venture Agreement (“JVA”) with Mega First C&I Solar Sdn. Bhd. (“MFCI”) for the purpose of regulating the conditions for and of a joint venture company, namely, MFP Solar International Limited (“MFPSIL” or the “JV Company”) which is incorporated in British Virgin Islands. Pekat Teknologi will subscribe for 45% shareholding in the JV Company for a total cash consideration of USD450. The principal activity of the JV Company is to undertake solar photovoltaic investment business activities outside Malaysia.



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

A11. Changes in the Composition of the Group

Save for the pre-IPO reorganisation as disclosed under Note A7 above to facilitate the Company's listing as disclosed in the Prospectus of the Company, there were no changes in the composition of the Group for the current financial quarter under review.

A12. Changes in Contingent Liabilities and Contingent Assets

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

<u>Group</u>	30.06.2021 RM'000	31.12.2020 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	23,299	13,739
Performance guarantee given by subsidiaries for performance of contracts to third parties	738	738
	<u>24,037</u>	<u>14,477</u>

A13. Capital Commitments

There were no capital commitments that are contracted but not provided for as at the date of this interim financial report.

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

A14. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial quarter under review:-

Related parties	Nature of transactions	30.06.2021 RM'000	30.06.2020 RM'000
Chin Soo Mau	Income from sale of solar energy	53	N/A
MFP Solar Sdn. Bhd.	Subcontractor fee for design, supply and installation of solar photovoltaic systems	18,877	N/A
Pekat Energy (Sarawak) Sdn. Bhd.	Management fee income	78	N/A
Pekat Energy (Sarawak) Sdn. Bhd.	Subcontractor fee for design, supply and installation of solar photovoltaic systems	808	N/A
Rubberex Alliance Sdn. Bhd.	Subcontractor fee for design, supply and installation of solar photovoltaic systems	434	N/A
Startige Corporation Sdn. Bhd.	Rental expenses of office buildings	486	N/A

MFP Solar Sdn. Bhd. is an associated company to the Group.

Pekat Energy (Sarawak) Sdn. Bhd. is an associated company in which a Director is also a Director of the Company.

Rubberex Alliance Sdn. Bhd. is a related party in which a substantial shareholder of the Company has interest.

Startige Corporation Sdn. Bhd. is a related party in which all of the Directors are also the Directors of the Company.

The Directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Note:-

- (1) No comparative figures for the preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Performance

The Group recorded revenue of RM81.7 million for the current financial period, of which RM52.3 million was contributed by solar photovoltaics ("PV") segment, RM15.2 million was from earthing and lightning protection ("E&LP") segment and RM14.2 million was from trading segment.

The Group's profit before tax for the current financial period was at RM7.4 million after the deduction of administrative expenses of RM12.7 million which mainly consist of staff related expenses and finance costs of RM0.5 million which mainly consist of interests charged by financial institutions for trade facilities. The Group's other income and finance income were at RM0.5 million and RM0.1 million respectively, mainly consist of dividend and management fee income received from an associated company and interests earned from financial institutions. On the other hand, the Group's other expenses had decreased due to reversal of unrealised loss on foreign exchange recorded in the preceding financial quarter.

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		Changes	
	30.06.2021 RM'000	31.03.2021 RM'000	RM'000	%
Revenue	40,055	41,661	(1,606)	(3.9)
Profit before tax	1,477	5,915	(4,438)	(75.0)

For the current financial quarter under review, the Group's revenue decreased by RM1.6 million or 3.9% to RM40.1 million as compared to RM41.7 million in the preceding financial quarter due to the impact from the nationwide lockdown imposed by the Malaysian Government from early June 2021, which had affected the projects' execution in the last month of the current financial quarter.

The Group's profit before tax decreased by RM4.4 million or 75% to RM1.5 million as compared to RM5.9 million in the preceding financial quarter as a result of the decrease in the gross profit margin from 28.4% in the preceding financial quarter to 20.5% in the current financial quarter. This was mainly attributable to lower GP margin recorded from solar PV projects as a result of the recent hike in material costs of solar PV modules. The increasing competition within the solar PV and the E&LP industry had also led the Group in reducing its pricing in order to remain competitive and be in line with the prices offered by its competitors. In addition, an associated company had incurred loss which further decreased the Group's profit for the current financial quarter.

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

B3. Commentary on Prospects

The outlook of the solar PV industry in Malaysia remains positive following the government's initiatives in extending the green technology tax incentives to 2023 and setting a target of reaching 31% of renewable energy in the national installed capacity by 2025. The recent announcement of the RM42.2 billion foreign direct investment ("FDI") by a Chinese solar panels manufacturer illustrated government's commitment in the solar energy industry in Malaysia and the increasing trend of solar energy among the other renewable energy options. The FDI will hopefully benefit the Malaysian market by making solar energy more easily accessible and providing existing solar Engineering, Procurement, Construction and Commissioning ("EPCC") contractors cheaper alternatives in sourcing the solar panels.

The Group has set foot in targeting for broader customer base in its solar PV segment. In addition to the existing customer mix which comprises mainly of EPCC industrial and commercial projects, the Group also provides installation of solar PV systems to household customers following the government's introduction of Net Energy Metering ("NEM") Rakyat program with a quota allocation of 100MW until 2023. The various packages for homeowners introduced by the Group are expected to contribute positively to the existing Group's revenue streams.

The Group will also continue to bid for EPCC projects under other programs: Self Consumption ("SELCO"), NEM GoME n ("GoME n") and Large-Scale Solar ("LSS") to strengthen its position in the solar PV industry.

As for construction sector, MIDF Research had previously expected a growth of 14.9% year-on-year for the construction sector's gross domestic product (GDP) in 2021. The Board is optimistic on the revitalisation of construction industry following the government's National Recovery Plan and the fast vaccination rate in the nation.

Energy Commission of Malaysia had on January 2020 issued an enforcement letter to ensure the designs and the installations of lightning protection systems in the nation are adhering to the National Safety Standards within the given timeframes. This had opened more opportunities to the Group as a contractor in designing and installing E&LP systems and as a distributor of surge protection devices. The Group had received numerous queries from customers on the reassessments of existing E&LP system as well as new system designs and installations and had successfully secured several new projects. On top of that, the Group is also in the midst of tendering for projects to provide E&LP solutions to several LSS plants and as such, there will be several busy years ahead for the E&LP division as well.

For the financial period under review, the Group's unbilled order book amounted to RM163.8 million which will contribute progressively to the Group's revenue for the financial years to come.

Given the uncertainties during the current Covid-19 pandemic, the Group will continue to remain vigilant and take precautionary measures to safeguard its staff well-being and minimise disruptions to its supply chain to address these external uncontrollable factors and challenges.

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

B4. Profit Forecast

The Group has not issued any profit forecast during the current financial period under review.

B5. Tax Expense

	Three Months Ended		Six Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax	460	N/A	1,879	N/A
Deferred tax	-	N/A	-	N/A
Total tax expense	<u>460</u>	<u>N/A</u>	<u>1,879</u>	<u>N/A</u>
Effective tax rate (%)	31.1	N/A	25.4	N/A

Notes:-

- (1) The effective tax rate of the Group for the current quarter/period under review was at 31.1% and 25.4% respectively which were higher than the statutory tax rate of 24% mainly due to non-tax deductible expenses such as listing expenses.
- (2) No comparative figures for the preceding year's quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.

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

B7. Use of Proceeds Raised from IPO

The Company has raised gross proceeds of RM44.37 million from the IPO exercise and they are proposed to be utilised as follow:-

Details of use of proceeds	Proposed utilisation RM'000	Percentage of utilisation %	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for the use of proceeds upon Listing
(i) Construction of new head office and operational facility	18,000	40.56	-	18,000	March 2023
(ii) Working capital	12,674	28.56	-	12,674	Within 12 months
(iii) Repayment of bank borrowings	10,000	22.54	-	10,000	Within 3 months
(iv) Listing expenses	3,700	8.34	1,340	2,360	Within 1 month
	<u>44,374</u>	<u>100.00</u>	<u>1,340</u>	<u>43,034</u>	

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.



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

B8. Borrowings

The details of the Group's borrowings are as follow:-

	30.06.2021	31.12.2020
	RM'000	RM'000
Current liabilities		
<u>Secured:-</u>		
Bankers' acceptances	22,042	13,225
Term loan	598	493
	<u>22,640</u>	<u>13,718</u>
Non-current liabilities		
<u>Secured:-</u>		
Term loan	13,113	13,331
Total borrowings	<u>35,753</u>	<u>27,049</u>

B9. Material Litigation

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

B10. Dividend

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



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

B11. Earnings Per Share

(a) Basic earnings per share

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

	Three Months Ended		Six Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the Company (RM'000)	1,043	N/A	5,587	N/A
Weighted average number of shares in issue (Unit'000)	518,491	N/A	512,429	N/A
Basic earnings per share (sen)	<u>0.20</u>	<u>N/A</u>	<u>1.09</u>	<u>N/A</u>

(b) Diluted earnings per share

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

Note:-

- (1) No comparative figures for the preceding year's quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.

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

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

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

	Three Months Ended		Six Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
After crediting:-				
Dividend income	(115)	N/A	(124)	N/A
Interest income	(97)	N/A	(141)	N/A
Reversal of provision for foreseeable losses	(306)	N/A	(355)	N/A
Reversal of impairment loss on trade receivables	(8)	N/A	(8)	N/A
Share of loss/(profit) in associates	146	N/A	(4)	N/A
Unrealised gain on foreign exchange	(108)	N/A	(32)	N/A
After charging:-				
Amortisation of intangible assets	34	N/A	67	N/A
Depreciation of property, plant and equipment	198	N/A	387	N/A
Fair value loss on other investment	*	N/A	3	N/A
Interest expenses	247	N/A	540	N/A
Written off of trade receivables	18	N/A	20	N/A

Notes:-

- (1) No comparative figures for the preceding year's quarter and preceding year's corresponding period are presented as this is the second interim financial report on the consolidated results for the second financial quarter ended 30 June 2021 announced by the Company in compliance with the Listing Requirements.
- (2) * represents less than RM1,000.

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 24 August 2021.