

Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Fourth Quarter Ended 31 December 2021



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

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Revenue		54,402	N/A	176,232	125,562
Cost of sales		(37,863)	N/A	(130,726)	(87,440)
Gross profit		16,539	N/A	45,506	38,122
Other income		1,083	N/A	1,884	1,685
Administrative expenses		(8,166)	N/A	⁽³⁾ (28,296)	(20,738)
Other expenses		(1,568)	N/A	(1,704)	(917)
Operating profit		7,888	N/A	17,390	18,152
Finance income		243	N/A	452	380
Finance costs		(164)	N/A	(980)	(887)
Share of profit in associates		140	N/A	488	738
Profit before tax		8,107	N/A	17,350	18,383
Tax expense	B5	(2,222)	N/A	(4,937)	(4,809)
Profit for the period		5,885	N/A	12,413	13,574
Other comprehensive income for the period, net of tax		-	N/A	-	-
Total comprehensive income for the period		5,885	N/A	12,413	13,574

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

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2021 Unaudited RM'000	31.12.2020 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
Profit attributable to:					
Owners of the Company		5,843	N/A	12,430	13,576
Non-controlling interests		42	N/A	(17)	(2)
		<u>5,885</u>	<u>N/A</u>	<u>12,413</u>	<u>13,574</u>
Total comprehensive income attributable to:					
Owners of the Company		5,843	N/A	12,430	13,576
Non-controlling interests		42	N/A	(17)	(2)
		<u>5,885</u>	<u>N/A</u>	<u>12,413</u>	<u>13,574</u>
Earnings per share:					
Basic (sen)	B11	<u>0.91</u>	<u>N/A</u>	<u>2.15</u>	<u>2.34</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 are presented as this is the fourth interim financial report on the consolidated results for the fourth financial quarter ended 31 December 2021 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- (3) Including one-off listing expenses of RM1.9 million in the cumulative quarter ended 31 December 2021.

*N/A denotes not applicable.

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Condensed Consolidated Statement of Financial Position

	Note	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		20,839	20,073
Intangible assets		443	640
Investment property		151	-
Investment in associates		8,590	2,150
Trade receivables		-	246
Fixed deposits with licensed banks		2,665	-
Total non-current assets		<u>32,688</u>	<u>23,109</u>
Current assets			
Other investments		21,518	1,159
Inventories		34,277	11,019
Trade receivables		33,411	28,921
Other receivables		2,034	3,183
Contract assets		33,838	23,971
Amount due from associates		2,152	9,240
Tax recoverable		286	-
Fixed deposits with licensed banks		12,039	9,135
Cash and bank balances		28,137	15,076
Total current assets		<u>167,692</u>	<u>101,704</u>
TOTAL ASSETS		<u>200,380</u>	<u>124,813</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		93,516	550
Merger reserve		(50,080)	-
Retained earnings		75,645	63,215
		<u>119,081</u>	<u>63,765</u>
Non-controlling interests		98	70
Total equity		<u>119,179</u>	<u>63,835</u>

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Condensed Consolidated Statement of Financial Position (continued)

	Note	31.12.2021 Unaudited RM'000	31.12.2020 Audited RM'000
EQUITY AND LIABILITIES (continued)			
Liabilities			
Non-current liabilities			
Lease liabilities		899	392
Borrowings	B8	2,469	13,331
Deferred tax liabilities		284	237
Total non-current liabilities		3,652	13,960
Current liabilities			
Trade payables		34,967	20,184
Other payables		4,843	2,800
Contract liabilities		10,652	8,716
Lease liabilities		301	261
Borrowings	B8	25,303	13,718
Tax payable		1,483	1,339
Total current liabilities		77,549	47,018
Total liabilities		81,201	60,978
TOTAL EQUITY AND LIABILITIES		200,380	124,813
Net assets per share attributable to owners of the Company (RM)⁽²⁾		0.18	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 Retained Earnings	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Merger Reserve				
<u>Year ended 31 December 2021</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	550	-	63,215	63,765	70	63,835
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	50,080	(50,080)	-	-	-	-
Issuance of shares	44,374	-	-	44,374	-	44,374
Share issuance expenses	(1,488)	-	-	(1,488)	-	(1,488)
Subscription of shares in a subsidiary by non-controlling interests	-	-	-	-	45	45
Total comprehensive income for the year	-	-	12,430	12,430	(17)	12,413
At 31 December 2021	93,516	(50,080)	75,645	119,081	98	119,179

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.

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Unaudited Condensed Consolidated Statement of Cash Flows

	Twelve Months Ended	
	31.12.2021	31.12.2020
	Unaudited	Audited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	17,350	18,383
Adjustments for:		
Amortisation of intangible assets	193	180
Depreciation of property, plant and equipment	799	723
Dividend income	(345)	(120)
Fair value gain on other investment	(2)	(6)
Gain on disposal of an associate	-	*
Gain on disposal of property, plant and equipment	-	(2)
Gain on disposal of a subsidiary	-	(18)
Gain on termination of lease	-	(31)
Impairment loss on contract assets	413	638
Impairment loss on intangible assets	93	-
Impairment loss on trade receivables	716	176
Interest expenses	980	887
Interest income	(452)	(380)
Reversal of provision for foreseeable losses	(410)	(1,432)
Reversal of impairment loss on contract assets	(414)	-
Reversal of impairment loss on inventories	(111)	(179)
Reversal of impairment loss on trade receivables	-	(349)
Share of profit in associates	(488)	(738)
Unrealised (gain)/loss on foreign exchange	(1)	66
Written off of property, plant and equipment	-	4
Written off of amount due from an associate	-	12
Written off of trade receivables	233	*
	<hr/>	<hr/>
Operating profit before working capital changes	18,554	17,814
Changes in working capital:		
Inventories	(23,147)	567
Receivables	(4,044)	(5,181)
Payables	16,827	6,493
Contract assets or liabilities	(7,520)	(7,204)
Associates	8,361	(3,443)
	<hr/>	<hr/>
Cash generated from operations	9,031	9,046
Interest received	250	209
Tax paid	(5,032)	(5,210)
	<hr/>	<hr/>
Net cash from operating activities	4,249	4,045

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

	Twelve Months Ended	
	31.12.2021	31.12.2020
	Unaudited	Audited
	RM'000	RM'000
INVESTING ACTIVITIES		
Acquisition of intangible assets	(89)	(34)
Acquisition of investment in associates	(5,952)	-
Acquisition of other investment	(48,457)	(534)
Acquisition of property, plant & equipment	(1,716)	(4,767)
Dividend received	345	98
Interest received	202	171
Net inflow on disposal of a subsidiary	-	1
Proceeds from disposal of other investments	28,100	8,910
Proceeds from disposal of an associate	-	*
Proceeds from disposal of property, plant and equipment	-	2
Net cash (used in)/from investing activities	(27,567)	3,847
FINANCING ACTIVITIES		
Advances to associates	(1,273)	(1,106)
Repayments from related parties	-	10,227
Dividend paid	-	(1,000)
Placement of fixed deposits pledged with licensed banks	(5,569)	(3,395)
Interest paid	(980)	(887)
Net drawdown of bankers' acceptances	11,219	1,837
Net repayments of term loan	(10,496)	(7,927)
Net drawdown/(repayments) of lease liabilities	547	(449)
Proceeds from issuance of shares	44,374	-
Share issuance expenses	(1,488)	-
Proceeds from subscription of shares in a subsidiary by non-controlling interests	45	-
Net cash from/(used in) financing activities	36,379	(2,700)
Net increase in cash and cash equivalents	13,061	5,192
Cash and cash equivalents at beginning of financial year	15,076	9,884
Cash and cash equivalents at end of financial year	28,137	15,076

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

Cash and cash equivalents included in the statement of cash flows comprise the followings:

Cash and bank balances	28,137	15,076
Fixed deposits with licensed banks	14,704	9,135
	<hr/>	<hr/>
	42,841	24,211
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(14,704)	(9,135)
	<hr/>	<hr/>
	28,137	15,076
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(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) * represents less than RM1,000.

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 fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the fourth quarter ended 31 December 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 quarter.

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: *Initial Application of MFRS 17 and MFRS 19: Comparative Information*
- 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 year 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.

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:-

Year Ended 31 December 2021 Revenue	Solar Photovoltaics RM'000	Earthing and Lightning Protection RM'000	Trading RM'000	Adjustments/ eliminations RM'000	Total RM'000
Sales to external customers	114,383	28,992	32,857	-	176,232
Inter-segment sales	4,038	38	27,316	(31,392)	-
	<u>118,421</u>	<u>29,030</u>	<u>60,173</u>	<u>(31,392)</u>	<u>176,232</u>

	RM'000
Results	
Segment profit	17,390
Finance income	452
Finance costs	(980)
Share of profit in associates	488
Profit before tax	<u>17,350</u>

Year Ended 31 December 2020 Revenue	Solar Photovoltaics RM'000	Earthing and Lightning Protection RM'000	Trading RM'000	Adjustments/ eliminations RM'000	Total RM'000
Sales to external customers	72,107	26,414	27,041	-	125,562
Inter-segment sales	27	109	23,723	(23,859)	-
	<u>72,134</u>	<u>26,523</u>	<u>50,764</u>	<u>(23,859)</u>	<u>125,562</u>

	RM'000
Results	
Segment profit	18,152
Finance income	380
Finance costs	(887)
Share of profit in associates	738
Profit before tax	<u>18,383</u>

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

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

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

A11. Changes in the Composition of the Group

In addition to the pre-IPO reorganisation as disclosed under Note A7 above to facilitate the Company's listing as disclosed in the Prospectus of the Company, one of the Company's wholly owned subsidiaries, namely Pekat LEDsystems Sdn. Bhd. had on 5 July 2021 changed its name to Solaroo Systems Sdn. Bhd. The company will undertake business activity to design, supply and install smaller scale solar photovoltaic systems for residential, commercial and industrial projects.

On 10 September 2021, the Group had incorporated a new wholly-owned subsidiary, namely Solaroo RE Sdn. Bhd. The intended principal activity of the company is to undertake solar photovoltaic investment business activities.

On 28 December 2021, the Group had incorporated a new wholly-owned subsidiary, namely Pekat RE Maintenance Sdn. Bhd. The intended principal activity of the company is to provide repair and maintenance services for solar photovoltaic systems.

Save as disclosed above, 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>	31.12.2021 RM'000	31.12.2020 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	25,089	13,739
Performance guarantee given by subsidiaries for performance of contracts to third parties	-	738
	<u>25,089</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 year under review:-

Related parties	Nature of transactions	31.12.2021 RM'000	31.12.2020 RM'000
Chin Soo Mau	- Income from sale of solar energy	100	102
MFP Solar Sdn. Bhd.	- Interest income	35	8
	- Subcontractor fee for design, supply and installation of solar photovoltaic systems	29,557	-
Pekat Energy (Sarawak) Sdn. Bhd.	- Interest income	5	-
	- Management fee income	120	277
	- Subcontractor fee for design, supply and installation of solar photovoltaic systems	4,545	12,763
Rubberex Alliance Sdn. Bhd.	- Subcontractor fee for design, supply and installation of solar photovoltaic systems	2,268	-
Startige Corporation Sdn. Bhd.	- Interest income	-	121
	- Rental expenses of office buildings	972	422

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 certain 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.



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

B1. Review of Group's Performance

For the financial year under review, the Group recorded revenue of RM176.2 million for the financial year 2021, of which RM114.4 million was contributed by solar photovoltaics ("PV") segment, RM29.0 million was from earthing and lightning protection ("E&LP") segment and RM32.8 million was from trading segment.

The Group's administrative expenses amounted to RM28.3 million, comprise of mainly staff costs and one-off listing expenses of RM1.9 million. The Group had also incurred other expenses and finance costs of RM1.7 and RM1.0 million respectively, arose mainly from the provision of impairment losses and the financing of purchases of solar panel.

Other income on the other hand amounted to RM1.9 million mainly due to reversal of impairment losses, dividend received from other investments and an associate. In addition, finance income is at RM0.5 million comprises of mainly interest received from fixed deposits placement.

For the financial year under review, the Group had share of profit of RM0.5 million from its associates and had recorded profit before tax of RM17.4 million.

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		Changes	
	31.12.2021	30.09.2021	RM'000	%
	RM'000	RM'000		
Revenue	54,402	40,114	14,288	35.6
Profit before tax	8,107	1,851	6,256	338.0

For the financial quarter under review, the Group's revenue increased by RM14.3 million or 35.6% to RM54.4 million as public and private sectors are allowed to operate at full capacity since most states in Malaysia have transitioned into Phase 4 of the National Recovery Plan.

The Group achieved profit before tax of RM8.1 million, RM6.3 million or 338.0% above preceding quarter mainly due to higher gross profit margin at 30.4% as compared to 22.2% in the preceding quarter. The increase was due to contribution of revenue from projects with higher profit margin during the current financial quarter.

Administration expenses increased by RM0.8 million due to increase in staff related expenses as a result of increasing headcount. Other expenses increased by RM1.5 million mainly due to impairment losses in trade receivables and contract assets. On the other hand, other income increased by RM0.8 million was mainly due to reversal of impairment losses in contract assets and inventories.

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

B3. Commentary on Prospects

The Malaysian Government has been steadfast in its commitment to achieve net-zero carbon emissions by 2050 and has addressed this matter in its recently announced 12th Malaysia Plan. Ambitious targets have been set such as to reduce greenhouse gases by 45% by 2030 in line with the 2015 Paris Agreement targets as well as to reach 31% of renewable energy in the national energy capacity by 2025. The outlook for solar PV industry in Malaysia remains positive in view of the government's dedication in promoting green growth and its implementation of strategies and initiatives along the way of this journey.

The Group's solar PV residential segment, headed by Solaroo Systems Sdn. Bhd. ("Solaroo Systems"), is progressing well backed by numerous orders and the combined system capacity installed by Solaroo Systems for homeowners had reached 0.7MWp since its establishment earlier this year. The recurrent contribution of earnings from Power Purchase Agreements, primarily through MFP Solar Sdn. Bhd. currently, has been steady as well where the share of profit in associates had amounted to RM0.5 million for the current financial year.

Concurrently, the Group continues to intensify its effort and resources to secure more commercial and industrial projects as well as collaboration with state-linked companies or agencies. Since the end of the preceding quarter, the Group had secured new contracts with a combined value of RM39.4 million, of which RM34.1 million is from the solar PV segment and RM5.3 million is from the E&LP segment. The new contracts secured will bring the Group's outstanding orderbook to RM175.4 million and will contribute positively to the Group's revenue for the financial years to come.

As most states in Malaysia have transitioned into Phase 4 of the National Recovery Plan, the reopening of project sites and lifting of interstate travel restrictions augurs well for the economic recovery. The mandatory enforcement on the safety standards of lightning protection systems in the nation issued by the Energy Commission of Malaysia will also act as a catalyst for growth in the Group's E&LP business.

The Board of Directors expects there could still be challenging market conditions ahead and as such the Group will continue to remain vigilant and take precautionary measures to safeguard its staff well-being and minimise disruptions to its operations.

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

B4. Profit Forecast

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

B5. Tax Expense

	Three Months Ended		Twelve Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax	2,175	N/A	4,890	4,629
Deferred tax	47	N/A	47	180
Total tax expense	<u>2,222</u>	<u>N/A</u>	<u>4,937</u>	<u>4,809</u>
Effective tax rate (%)	27.4	N/A	28.4	26.2

Notes:-

- (1) The effective tax rate of the Group for the current quarter/year under review was at 27.4% and 28.4% 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 are presented as this is the fourth interim financial report on the consolidated results for the fourth financial quarter ended 31 December 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	Actual utilisation RM'000	Deviation in 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	-	-	18,000	March 2023
(ii) Working capital	12,674	(12,392)	173	455	Within 12 months
(iii) Repayment of bank borrowings	10,000	(10,000)	-	-	Within 3 months
(iv) Listing expenses	3,700	(3,527)	(173)	-	Within 1 month
	<u>44,374</u>	<u>(25,919)</u>	<u>-</u>	<u>18,455</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:-

	31.12.2021	31.12.2020
	RM'000	RM'000
Current liabilities		
<u>Secured:-</u>		
Bankers' acceptances	24,444	13,225
Term loan	859	493
	<u>25,303</u>	<u>13,718</u>
Non-current liabilities		
<u>Secured:-</u>		
Term loan	2,469	13,331
Total borrowings	<u>27,772</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 year 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		Twelve Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	5,843	N/A	12,430	13,576
Weighted average number of shares in issue (Unit'000)	644,968	N/A	579,243	579,243
Basic earnings per share (sen)	<u>0.91</u>	<u>N/A</u>	<u>2.15</u>	<u>2.34</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 are presented as this is the fourth interim financial report on the consolidated results for the fourth financial quarter ended 31 December 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		Twelve Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Amortisation of intangible assets	90	N/A	193	180
Depreciation of property, plant and equipment	195	N/A	799	723
Dividend income	(91)	N/A	(345)	(120)
Fair value gain on other investment	(7)	N/A	(2)	(6)
Gain on disposal of an associate	-	N/A	-	*
Gain on disposal of property, plant and equipment	-	N/A	-	(2)
Gain on disposal of a subsidiary	-	N/A	-	(18)
Gain on termination of lease	-	N/A	-	(31)
Impairment loss on contract assets	413	N/A	413	638
Impairment loss on intangible assets	93	N/A	93	-
Impairment loss on trade receivables	724	N/A	716	176
Interest expenses	164	N/A	980	887
Interest income	(243)	N/A	(452)	(380)
Reversal of provision for foreseeable losses	(53)	N/A	(410)	(1,432)
Reversal of impairment loss on contract assets	(414)	N/A	(414)	-
Reversal of impairment loss on inventories	(111)	N/A	(111)	(179)
Reversal of impairment loss on trade receivables	-	N/A	-	(349)



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 (continued)

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

	Three Months Ended		Twelve Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Share of profit in associates	(139)	N/A	(488)	(738)
Unrealised loss/(gain) on foreign exchange	108	N/A	(1)	66
Written off of property, plant and equipment	-	N/A	-	4
Written off of amount due from an associate	-	N/A	-	12
Written off of trade receivables	<u>201</u>	<u>N/A</u>	<u>233</u>	<u>*</u>

Notes:-

- (1) No comparative figures for the preceding year's quarter are presented as this is the fourth interim financial report on the consolidated results for the fourth financial quarter ended 31 December 2021 announced by the Company in compliance with the Listing Requirements.

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 21 February 2022.