

Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Second Quarter Ended 30 June 2024



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

	Note	Three Months Ended		Six Months Ended	
		30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000
Revenue		56,566	59,453	114,199	106,270
Cost of sales		(39,826)	(46,529)	(82,656)	(81,303)
Gross profit		16,740	12,924	31,543	24,967
Other income		416	557	678	694
Administrative expenses		(10,056)	(8,024)	(19,367)	(15,270)
Other expenses		-	(194)	-	(778)
Operating profit		7,100	5,263	12,854	9,613
Finance income		197	110	301	274
Finance costs		(169)	(557)	(277)	(910)
Share of (loss)/profit in associates		(555)	(102)	(649)	53
Profit before tax		6,573	4,714	12,229	9,030
Tax expense	B5	(1,917)	(1,244)	(3,768)	(2,358)
Profit for the period		4,656	3,470	8,461	6,672
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		4,656	3,470	8,461	6,672

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

	Note	Three Months Ended		Six Months Ended	
		30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2024 Unaudited RM'000	30.06.2023 Unaudited RM'000
Profit attributable to:					
Owners of the Company		4,639	3,477	8,423	6,639
Non-controlling interests		17	(7)	38	33
		<u>4,656</u>	<u>3,470</u>	<u>8,461</u>	<u>6,672</u>
Total comprehensive income attributable to:					
Owners of the Company		4,639	3,477	8,423	6,639
Non-controlling interests		17	(7)	38	33
		<u>4,656</u>	<u>3,470</u>	<u>8,461</u>	<u>6,672</u>
Earnings per share:					
Basic (sen)	B10	<u>0.72</u>	<u>0.54</u>	<u>1.31</u>	<u>1.03</u>
Diluted (sen)	B10	<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 audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

*N/A denotes not applicable.

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Condensed Consolidated Statement of Financial Position

	Note	30.06.2024 Unaudited RM'000	31.12.2023 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		24,513	23,436
Investment property		142	144
Intangible assets		127	183
Investment in associates		10,928	11,177
Amount due from an associate		1,330	1,330
Total non-current assets		<u>37,040</u>	<u>36,270</u>
Current assets			
Other investments		18,657	4,413
Inventories		27,107	24,874
Trade receivables		51,113	47,433
Contract assets		33,252	29,144
Other receivables		1,644	7,434
Amount due from associates		3,879	4,014
Tax recoverable		2,152	1,760
Fixed deposits with licensed banks		160	3,084
Cash and bank balances		24,428	23,944
Total current assets		<u>162,392</u>	<u>146,100</u>
TOTAL ASSETS		<u>199,432</u>	<u>182,370</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		93,516	93,516
Merger reserve		(50,080)	(50,080)
Retained earnings		101,649	93,226
		<u>145,085</u>	<u>136,662</u>
Non-controlling interests		154	116
Total equity		<u>145,239</u>	<u>136,778</u>

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Condensed Consolidated Statement of Financial Position (continued)

	Note	30.06.2024 Unaudited RM'000	31.12.2023 Audited RM'000
EQUITY AND LIABILITIES (continued)			
Liabilities			
Non-current liabilities			
Lease liabilities		2,336	2,589
Borrowings	B7	76	600
Deferred tax liabilities		276	276
Total non-current liabilities		2,688	3,465
Current liabilities			
Trade payables		16,520	16,972
Contract liabilities		14,360	12,091
Other payables		7,872	10,059
Lease liabilities		941	852
Borrowings	B7	8,611	976
Tax payable		3,201	1,177
Total current liabilities		51,505	42,127
Total liabilities		54,193	45,592
TOTAL EQUITY AND LIABILITIES		199,432	182,370
Net assets per share attributable to owners of the Company (RM)		0.22	0.21

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

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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>Period ended 30 June 2024</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	93,516	(50,080)	93,226	136,662	116	136,778
Total comprehensive income for the period	-	-	8,423	8,423	38	8,461
At 30 June 2024	93,516	(50,080)	101,649	145,085	154	145,239

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

	< -----Non-Distributable----- >		Distributable Retained Earnings	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Merger Reserve				
<u>Period ended 30 June 2023</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	93,516	(50,080)	85,951	129,387	87	129,474
Total comprehensive income for the period	-	-	6,639	6,639	33	6,672
At 30 June 2023	93,516	(50,080)	92,590	136,026	120	136,146

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Unaudited Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30.06.2024	30.06.2023
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	12,229	9,030
Adjustments for:		
Amortisation of intangible assets	81	78
Depreciation of investment property	2	2
Depreciation of property, plant and equipment	910	820
Dividend income	(1)	(1)
Fair value gain on other investment	(123)	(73)
Gain on disposal of property, plant and equipment	(16)	(299)
Impairment loss on inventories	-	7
Interest expenses	277	910
Interest income	(301)	(274)
Reversal of provision for foreseeable losses	(1)	(154)
Share of loss/(profit) in associates	649	(53)
Unrealised (gain)/loss on foreign exchange	(9)	175
Operating profit before working capital changes	13,697	10,168
Changes in working capital:		
Inventories	(2,233)	4,951
Receivables	2,110	(5,327)
Payables	(2,630)	15,485
Contract assets or liabilities	(1,838)	(6,187)
Associates	148	(472)
Cash generated from operations	9,254	18,618
Interest received	282	229
Tax paid	(2,136)	(2,395)
Net cash from operating activities	7,400	16,452

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)

	Six Months Ended	
	30.06.2024	30.06.2023
	Unaudited	Unaudited
	RM'000	RM'000
INVESTING ACTIVITIES		
Acquisition of intangible assets	(25)	(19)
Acquisition of property, plant & equipment	(1,717)	(708)
Additional investment in an associate	(400)	-
Dividend received	1	1
Interest received	6	31
(Acquisition)/Disposal of other investment	(14,121)	399
Proceeds from disposal of property, plant and equipment	16	87
Net cash used in investing activities	(16,240)	(209)
FINANCING ACTIVITIES		
Withdrawal of fixed deposits pledged with licensed banks	2,924	8,551
Interest paid	(277)	(910)
Net drawdown/(repayment) of bankers' acceptances	7,584	(17,635)
Net repayment of lease liabilities	(434)	(440)
Net repayment of term loan	(473)	133
Net cash from/(used) in financing activities	9,324	(10,301)
Net increase in cash and cash equivalents	484	5,942
Cash and cash equivalents at beginning of financial period	23,944	14,214
Cash and cash equivalents at end of financial period	24,428	20,156
Cash and cash equivalents included in the statement of cash flows comprise the followings:		
Cash and bank balances	24,428	20,156
Fixed deposits with licensed banks	160	6,356
	24,588	26,512
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(160)	(6,356)
	24,428	20,156

(1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

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 interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 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 audited financial statements for the financial year ended 31 December 2023 of the Group.

Adoption of Amendments to MFRSs and IC Interpretations

On 1 January 2024, the Group adopted the following Amendments to MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2024:

Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16: *Lease: Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Presentation of Financial Statements: Non-current Liabilities with Covenants*
- Amendments to MFRS 101: *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107 and MFRS 7: *Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Finance Arrangements*

The adoption of the above amendments to MFRSs are either not relevant or did not have any significant effects on the interim financial report upon their initial application.

MFRSs and Amendments to MFRSs issued but not yet effective

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 2025

- Amendments to MFRS 121: *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

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

A2. Significant Accounting Policies (continued)

MFRSs and Amendments to MFRSs issued but not yet effective (continued)

Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128: *Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 2023.

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 period under review.

A6. Changes in Estimates

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

A8. Dividend Paid

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

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

A9. Segmental Reporting

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

Period Ended 30 June 2024	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	69,808	20,583	23,808	-	114,199
Inter-segment sales	9,690	7	19,298	(28,995)	-
	<u>79,498</u>	<u>20,590</u>	<u>43,106</u>	<u>(28,995)</u>	<u>114,199</u>

	RM'000
Results	
Segment profit	12,854
Finance income	301
Finance costs	(277)
Share of loss in associates	(649)
Tax expense	(3,768)
Profit after tax	<u>8,461</u>

Period Ended 30 June 2023	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	72,541	16,272	17,457	-	106,270
Inter-segment sales	3,157	37	10,448	(13,642)	-
	<u>75,698</u>	<u>16,309</u>	<u>27,905</u>	<u>(13,642)</u>	<u>106,270</u>

	RM'000
Results	
Segment profit	9,613
Finance income	274
Finance costs	(910)
Share of profit in associates	53
Tax expense	(2,358)
Profit after tax	<u>6,672</u>

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

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

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

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period 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 follows:-

<u>Group</u>	30.06.2024 RM'000	31.12.2023 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	10,237	430
Bank guarantee for tender bond, performance bond and warranty bond provided to third parties	<u>12,566</u>	<u>16,836</u>
	<u><u>22,803</u></u>	<u><u>17,266</u></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.

A14. Significant Related Party Transactions

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

Nature of transactions/Related parties	30.06.2024 RM'000	30.06.2023 RM'000
<u>Rental expenses of office buildings charged by:</u>		
- Startige Corporation Sdn. Bhd.	<u>486</u>	<u>486</u>

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

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.

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

B1. Review of Group's Performance

	Three Months Ended		Variance	
	30.06.2024	30.06.2023	RM'000	%
	RM'000	RM'000		
Revenue				
- Solar photovoltaics	33,150	42,798	(9,648)	(22.5)
- Earthing and lightning protection	11,558	7,855	3,703	47.1
- Trading	11,858	8,800	3,058	34.8
Total revenue	<u>56,566</u>	<u>59,453</u>	<u>(2,887)</u>	<u>(4.9)</u>
Profit after tax	<u>4,656</u>	<u>3,470</u>	<u>1,186</u>	<u>34.2</u>

Comparison with Preceding Year Corresponding Quarter ("Q2 FY24" vs "Q2 FY23")

In Q2 FY24, the Group generated revenue of RM56.57 million. The solar division led in growth, contributing RM33.15 million. The earthing and lightning protection ("ELP") division contributed RM11.56 million, and the trading division contributed RM11.86 million.

The Group's revenue decreased slightly by RM2.89 million or 4.9% compared to Q2 FY23. This decline was primarily driven by a RM9.65 million decrease in revenue from the solar division to RM33.15 million, attributed partly to project execution delays that predominantly affected the commercial and industrial customer segment.

Nevertheless, the ELP and trading divisions experienced significant growth, with increases of 47.1% and 34.8%, respectively. These gains were driven by higher project execution rates and increased fulfilled sales orders, which offset the revenue decline in the solar division.

Despite the revenue decline in the solar division, the Group achieved a higher profit after tax of RM4.66 million, representing an increase of RM1.19 million or 34.2%, driven by higher gross profit margins in both the ELP and trading divisions.

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

B1. Review of Group's Performance (continued)

	Six Months Ended		Variance	
	30.06.2024	30.06.2023	RM'000	%
	RM'000	RM'000		
Revenue				
- Solar photovoltaics	69,808	72,541	(2,733)	(3.8)
- Earthing and lightning protection	20,583	16,272	4,311	26.5
- Trading	23,808	17,457	6,351	36.4
Total revenue	<u>114,199</u>	<u>106,270</u>	7,929	7.5
Profit after tax	<u>8,461</u>	<u>6,672</u>	1,789	26.8

Comparison with Preceding Year Corresponding Period ("6M FY24" vs "6M FY23")

The Group generated revenue of RM114.20 million in 6M FY24 compared to RM106.27 million a year ago, representing an increase in revenue of RM7.93 million or a growth of 7.5%. Both the ELP and trading divisions achieved significant growth, achieving higher revenue by RM4.31 million and RM6.35 million, representing growth of 26.5% and 36.4%. The increase in revenue in both divisions mitigated the lower revenue from the solar division, attributable partly to project execution delays.

Driven by higher revenue and higher gross profit margins from the ELP and trading divisions, the Group's 6M FY24 profit after tax improved to RM8.46 million, representing a growth of RM1.79 million or 26.8%.

B2. Comparison with Immediately Preceding Quarter Results

	Quarter Ended		Variance	
	30.06.2024	31.03.2024	RM'000	%
	RM'000	RM'000		
Revenue				
- Solar photovoltaics	33,150	36,658	(3,508)	(9.6)
- Earthing and lightning protection	11,558	9,025	2,533	28.1
- Trading	11,858	11,950	(92)	(0.8)
Total revenue	<u>56,566</u>	<u>57,633</u>	(1,067)	(1.9)
Profit after tax	<u>4,656</u>	<u>3,805</u>	851	22.4

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

B2. Comparison with Immediately Preceding Quarter Results (continued)

Compared to the immediately preceding quarter (“Q1 FY24”), the Group recorded lower revenue in Q2 FY24 by RM1.07 million or 1.9% due to lower project revenue from the solar division, attributable partly to project execution delays. Conversely, the ELP division experienced higher project execution rates, contributing to higher revenue and offsetting the decline in revenue from the solar division.

Despite the revenue decrease in the solar division, the Group achieved a higher profit after tax due to a higher gross profit margin within the ELP division.

B3. Commentary on Prospects

Malaysia targets net-zero carbon emissions by 2050, aligning with the Paris Agreement's goals. The 12th Malaysia Plan sets a 45% greenhouse gas reduction target by 2030 for a sustainable future. Guided by the Malaysia Renewable Energy Roadmap, the nation aims for 31% and 40% renewable energy (“RE”) share in its energy mix by 2025 and 2035, respectively.

The Malaysian Government introduced a policy enabling renewable energy (“RE”) exports and fostering RE development, now managed by the Ministry of Energy Transition and Water Transformation (“PETRA”). In April 2024, PETRA established Energy Exchange Malaysia (Enegem) to facilitate green electricity exports to Singapore and Thailand, starting with a 100-megawatt (“MW”) pilot auction to Singapore, presenting opportunities to RE players like Pekat.

The Ministry of Economy launched the National Energy Transition Roadmap (“NETR”), outlining a sustainable energy future. NETR Phase 1 includes six key levers and ten flagship projects with a RM60.7 billion investment, exceeding the initial target of RM25 billion. These projects encompass smart grids, energy efficiency, and storage, demonstrating the government's strong commitment to promoting sustainable energy, which aligns with Pekat's industry focus on innovative solutions in these areas.

Following the completion of the large-scale solar (“LSS”) 4 project at Batang Padang, Perak, the Group is confident in its ability to make a positive contribution to the recently announced 2GW LSS 5 project. The Group is committed to executing its 29.99 MWac solar power plant project under the Corporate Green Power Programme, expected to boost the Group's recurring income stream by the end of 2025.

In the domestic market, the Solar for Rakyat Incentive Scheme (SolarIS) offers rebates up to RM4,000 for qualifying NEM Rakyat customers, expected to increase demand amidst rising electricity costs.

The surge in foreign direct investments of data centers in Malaysia is likely to benefit the Group's ELP division. With a strong track record in ELP solutions for data centers, the Group remains confident of the ELP division's growth.

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

B3. Commentary on Prospects (continued)

While the Board of Directors anticipates more competitive market conditions, the Group is well-positioned to improve its operational efficiency and grow its order book. Barring any unforeseen circumstances, the Board of Directors is optimistic of the Group's future prospects.

B4. Profit Forecast

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

B5. Tax Expense

	Three Months Ended		Six Months Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Current tax	1,917	1,244	3,768	2,358
Deferred tax	-	-	-	-
Total tax expense	<u>1,917</u>	<u>1,244</u>	<u>3,768</u>	<u>2,358</u>
Effective tax rate (%)	29.2	26.4	30.8	26.1

Notes:-

- (1) The effective tax rate of the Group for the current quarter and period under review was 29.2% and 30.8% respectively, which were higher than the statutory tax rate of 24% mainly due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

B6. Status of Corporate Proposals

Proposed Employees' Share Option Scheme

On 9 July 2024, the Company announced its intention to undertake a proposed employees' share option scheme of up to 10% of the Company's total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries who fulfil the eligibility criteria as set out in the By-Laws governing the proposed employees' share option scheme ("Proposed ESOS").

Bursa Malaysia Securities Berhad ("Bursa Securities") had granted approval of the Proposed ESOS on 5 August 2024. An application to seek Bursa Securities' approval for an extension of time of up to 23 October 2024 to issue the circular to shareholders had been submitted on 19 August 2024.



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

B6. Status of Corporate Proposals (continued)

Proposed Acquisition and Proposed Diversification

On 1 August 2024, Pekat Teknologi Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement (“SSA”) with Low Khok Heng @ Low Choon Huat for the proposed acquisition of 75,000 ordinary shares in Apex Power Industry Sdn. Bhd. (“Apex Power”), representing a 60% equity interest in Apex Power, for a total cash consideration of RM96.00 million (“Proposed Acquisition”).

In conjunction with the Proposed Acquisition, the Company is also seeking shareholders’ approval in a general meeting for the proposed diversification into the power distribution equipment business segment (“Proposed Diversification”).

The Proposed Acquisition and Proposed Diversification are currently pending the fulfillment of the conditions precedent in the SSA.

Save as disclosed above, there were no other corporate proposals announced but not completed as at the date of this interim financial report.

B7. Borrowings

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

	30.06.2024	31.12.2023
	RM’000	RM’000
Current liabilities		
<u>Secured:-</u>		
Bankers’ acceptances	7,584	-
Term loan	<u>1,027</u>	<u>976</u>
	<u>8,611</u>	<u>976</u>
Non-current liabilities		
<u>Secured:-</u>		
Term loan	<u>76</u>	<u>600</u>
Total borrowings	<u><u>8,687</u></u>	<u><u>1,576</u></u>



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

B8. Material Litigation

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

B9. Dividend

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

B10. 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to owners of the Company (RM'000)	4,639	3,477	8,423	6,639
Weighted average number of shares in issue (Unit'000)	644,968	644,968	644,968	644,968
Basic earnings per share (sen)	<u>0.72</u>	<u>0.54</u>	<u>1.31</u>	<u>1.03</u>

(b) Diluted earnings per share

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

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

B11. 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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
After charging/(crediting):-				
Amortisation of intangible assets	41	39	81	78
Depreciation of investment property	1	1	2	2
Depreciation of property, plant and equipment	458	446	910	820
Dividend income	(1)	(1)	(1)	(1)
Fair value gain on other investment	(80)	(35)	(123)	(73)
Gain on disposal of property, plant and equipment	(16)	(299)	(16)	(299)
Impairment loss on inventories	-	7	-	7
Interest expenses	169	557	277	910
Interest income	(197)	(110)	(301)	(274)
Reversal of provision for foreseeable losses	(1)	(151)	(1)	(154)
Share of loss/(profit) in associates	555	102	649	(53)
Unrealised loss/(gain) on foreign exchange	39	123	(9)	175

B12. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 21 August 2024.