



PECCA

GROUP BERHAD



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

| | Notes | Individual Quarter | | | Cumulative Quarter | | |
|---|-------|--------------------|--------------|------------|--------------------|--------------|------------|
| | | Current | Preceding | Changes | Current | Preceding | Changes |
| | | Year Quarter | Year Quarter | | Year-To-Date | Year-To-Date | |
| | | 31.12.2021 | 31.12.2020 | Amount / % | 31.12.2021 | 31.12.2020 | Amount / % |
| | | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | A9 | 45,198 | 39,462 | 14.54% | 67,989 | 72,608 | -6.36% |
| Cost of sales | | (33,237) | (27,024) | -22.99% | (51,511) | (50,448) | -2.11% |
| Gross profit | | 11,961 | 12,438 | -3.84% | 16,478 | 22,160 | -25.64% |
| Other Income | | 353 | 376 | -6.12% | 851 | 782 | 8.82% |
| Selling and distribution expenses | | (1,393) | (1,438) | 3.13% | (2,559) | (2,835) | 9.74% |
| Administrative expenses | | (3,257) | (3,491) | 6.70% | (6,447) | (5,987) | -7.68% |
| Profit before tax | B5 | 7,664 | 7,885 | -2.80% | 8,323 | 14,120 | -41.06% |
| Income tax expense | B6 | (1,660) | (1,834) | 9.49% | (1,816) | (2,969) | 38.83% |
| Profit for the period | | 6,004 | 6,051 | -0.78% | 6,507 | 11,151 | -41.65% |
| Other comprehensive income, net of tax | | | | | | | |
| Exchange difference on translation of foreign operation | | (1) | (3) | 66.67% | 15 | 4 | 275.00% |
| Total comprehensive income for the financial period | | 6,003 | 6,048 | -0.74% | 6,522 | 11,155 | -41.53% |
| Profit attributable to: | | | | | | | |
| Owners of the company | | 6,002 | 6,052 | -0.82% | 6,516 | 11,159 | -41.60% |
| Non-controlling interest | | 2 | (1) | 262.34% | (9) | (8) | -17.21% |
| Profit for the period | | 6,004 | 6,051 | -0.78% | 6,507 | 11,151 | -41.65% |
| Total comprehensive income for the financial period | | | | | | | |
| Owners of the Company | | 6,002 | 6,051 | -0.81% | 6,524 | 11,161 | -41.55% |
| Non-controlling interests | | 1 | (3) | 138.91% | (2) | (6) | 69.46% |
| Total comprehensive income for the year | | 6,003 | 6,048 | -0.74% | 6,522 | 11,155 | -41.53% |
| Earning per share attributable to Owners of the Company ⁽²⁾ | | | | | | | |
| - Basic (sen) | B12 | 3.26 | 3.50 | -6.86% | 3.54 | 6.46 | -45.21% |
| - Diluted | | 3.26 | 3.50 | -6.86% | 3.54 | 6.46 | -45.21% |

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the explanatory notes attached to this report.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B12.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2021**

| | Unaudited 30.12.2021 RM'000 | Audited 30.06.2021 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 38,854 | 39,454 |
| Right-of-use assets | 11,844 | 11,723 |
| Other investment | 418 | 418 |
| | <u>51,116</u> | <u>51,595</u> |
| Current Assets | | |
| Inventories | 27,576 | 28,358 |
| Trade and Other receivables | 41,020 | 30,976 |
| Prepayment | 6,953 | 5,129 |
| Current tax assets | 1,849 | 1,165 |
| Cash and bank balances | 67,591 | 78,132 |
| | <u>144,989</u> | <u>143,760</u> |
| Total assets | <u><u>196,105</u></u> | <u><u>195,355</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 135,702 | 135,702 |
| Reserves | 37,826 | 31,304 |
| | <u>173,528</u> | <u>167,006</u> |
| Non-controlling interest | (70) | (69) |
| Equity attributable to owners of the Company | <u><u>173,458</u></u> | <u><u>166,937</u></u> |
| Liabilities | | |
| Non-current liabilities | | |
| Deferred tax liabilities | 5,649 | 5,969 |
| Lease Liability | 132 | 119 |
| | <u>5,781</u> | <u>6,088</u> |
| Current Liabilities | | |
| Trade and other payables | 16,484 | 22,055 |
| Lease Liability | 382 | 206 |
| Contract liabilities | - | 69 |
| | <u>16,866</u> | <u>22,330</u> |
| Total liabilities | <u><u>22,647</u></u> | <u><u>28,418</u></u> |
| Total equity and liabilities | <u><u>196,105</u></u> | <u><u>195,355</u></u> |
| Net assets per share attributable to owners of the parents (sen) ⁽²⁾ | | |
| | <u><u>92.33</u></u> | <u><u>91.03</u></u> |

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the explanatory notes attached to this report.

(2) Based on the number of ordinary shares in issue less Treasury Shares as at 31 December 2021 of 187,945,783 (30 June 2021: 183,471,939).



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SECOND QUARTER ENDED 31 DECEMBER 2021

| | ← Attributable to owners of the Company → | | | | | | Total | Non-controlling Interests | Total Equity |
|---|---|---------------------|-----------------|-----------------|---------------------|-------------------|----------------|---------------------------|----------------|
| | Share Capital | Revaluation Reserve | Merger Deficit | Treasury Shares | Translation Reserve | Retained Earnings | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 01.07.2021 | | | | | | | | | |
| - as previously stated | 135,702 | 10,765 | (60,822) | (4,996) | 1 | 86,356 | 167,006 | (69) | 166,937 |
| Foreign currency translation differences for foreign operations | - | - | - | - | 6 | - | 6 | 8 | 14 |
| Dividends to owners of the Company | - | - | - | 4,936 | - | (4,936) | - | - | - |
| Profit for the financial period | - | - | - | - | - | 6,516 | 6,516 | (9) | 6,507 |
| At 31.12.2021 | 135,702 | 10,765 | (60,822) | (60) | 7 | 87,936 | 173,528 | (70) | 173,458 |

Notes: (1) The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the explanatory notes attached to this report.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

| | 6 months ended 31 December | |
|---|-----------------------------------|----------------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 8,323 | 14,120 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,445 | 2,214 |
| Depreciation of right-of-use assets | 227 | 107 |
| Loss on disposal of property, plant and equipment | - | 17 |
| Reversal of impairment loss on trade receivable | (56) | (268) |
| Unrealised loss on foreign exchange | 41 | 313 |
| Interest expense | 8 | - |
| Interest income | (489) | (590) |
| Operating profit before working capital changes | <u>10,499</u> | <u>15,913</u> |
| Changes in working capital: | | |
| Inventories | 782 | 2,306 |
| Trade and other receivables | (10,006) | (10,670) |
| Prepayment | (1,824) | (6,745) |
| Trade and other payables | (5,266) | 6,714 |
| Change in contract liability | (69) | - |
| Cash from operations | <u>(5,884)</u> | <u>7,518</u> |
| Interest paid | (8) | - |
| Income tax paid | (2,819) | (1,959) |
| Net cash from/(for) operating activities | <u>(8,711)</u> | <u>5,559</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of plant and equipment | - | 3 |
| Acquisition of property, plant and equipment | (1,845) | (4,483) |
| Interest received | 489 | 590 |
| Net cash from/(for) investing activities | <u>(1,356)</u> | <u>(3,890)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of lease liability | (158) | (42) |
| Repayment to a corporate shareholder | (270) | - |
| Repurchase of treasury shares | - | (4,664) |
| Dividend paid | - | (2,843) |
| Net cash from/(for) financing activities | <u>(428)</u> | <u>(7,549)</u> |
| Net increase in cash and cash equivalents | (10,495) | (5,880) |
| Effect of foreign exchange translation | (46) | (149) |
| Cash and cash equivalents at beginning of the financial period | <u>78,132</u> | <u>78,394</u> |
| Cash and cash equivalents at the end of financial period | <u>67,591</u> | <u>72,365</u> |

Notes:

(1) The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021 and the explanatory notes attached to this report.



A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Main Market Listing Requirements. These condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This report should be read in conjunction with the Company's audited financial statements for the financial year ended 30 June 2021.

The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 30 June 2021.

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2021. The Group has not applied in advance the following accounting standards (including the consequential amendments, if any that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

Effective for annual periods commencing on or after 1 January 2022

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

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and disclosure of Accounting Policies
- Amendments to MFRS108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction



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

A3. Auditors' Report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2021.

A4. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors in the current quarter.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter.

A6. Changes in estimates

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter.

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter. As at 31 December 2021, the number of treasury shares held were 54,217 ordinary shares at RM185,422.

A8. Dividend paid

On 18 October 2021, a total of 4,473,844 treasury shares amounting to RM4,937,000 were distributed as share dividends to shareholders on the basis of 1 treasury share for every 41 ordinary shares held on 20 October 2021, in respect of the financial year ended 30 June 2022. The share dividend has been credited into the entitled shareholders' securities account maintained with Bursa Malaysia Depository on 8 November 2021.

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

A9. Segmental information

a) Operating segments

The Group's current business activities comprise of four segments namely automotive, healthcare, aviation and furniture segments. The Automotive segment focuses on styling, manufacturing, distribution and installation of automotive leather upholstery for car seat covers and accessories covers. The Healthcare segment focuses on the manufacturing and distribution of healthcare products. The Aviation segment provides services in manufacturing, repair, refurbishment, distribution and installation of aircraft seat covers and parts refurbishment. The Furniture segment provides for the manufacturing of leather furniture and supply of furniture seat covers. The breakdown of the Group's total revenue by business activities and products are as follows:-

| | Current Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|----------------------|-----------------------------|----------------------|
| | 31.12.2021 RM'000 | 31.12.2020 RM'000 | 31.12.2021 RM'000 | 31.12.2020 RM'000 |
| <u>AUTOMOTIVE</u> | | | | |
| Car seat covers | | | | |
| - OEM ⁽¹⁾ | 29,259 | 25,496 | 38,611 | 49,668 |
| - REM ⁽¹⁾ | 2,255 | 2,019 | 4,551 | 4,709 |
| - PDI ⁽¹⁾ | 3,973 | 2,798 | 5,600 | 5,671 |
| Sub-total for car seat covers | 35,487 | 30,313 | 48,762 | 60,048 |
| Leather cut pieces supply | 2,492 | 2,320 | 4,246 | 3,031 |
| <u>Others</u> | | | | |
| - Sewing of fabric car seat covers | 566 | 23 | 816 | 34 |
| - Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials | 1,688 | 1,734 | 2,588 | 3,368 |
| | 40,233 | 34,390 | 56,412 | 66,481 |
| <u>OTHERS</u> | | | | |
| Healthcare | 4,814 | 4,843 | 11,299 | 5,359 |
| Aviation | 151 | 121 | 278 | 258 |
| Furniture | - | 108 | - | 510 |
| Grand Total | 45,198 | 39,462 | 67,989 | 72,608 |

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

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

A9. Segmental information *(continued)*

b) Geographical segments

The segment information in respect of the Group's geographical segments are as follows:-

| | Current | | Cumulative | |
|---------------|---------------|---------------|---------------|---------------|
| | Quarter Ended | | Quarter Ended | |
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 42,351 | 37,023 | 62,501 | 67,418 |
| Rest of Asia | 865 | 1,083 | 1,742 | 2,241 |
| Europe | 955 | 721 | 1,710 | 1,359 |
| North America | 544 | 360 | 1,072 | 889 |
| Oceania | 483 | 275 | 964 | 700 |
| Middle East | - | - | - | 1 |
| | <u>45,198</u> | <u>39,462</u> | <u>67,989</u> | <u>72,608</u> |

A10. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current quarter.

A11. Capital commitments

There was no authorised capital commitment.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group in the current quarter.

A13. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets as at the date of this report.

A14. Material events subsequent to the end of the quarter

On 6 January 2022, the Company announced that it proposes to undertake a Proposed Bonus Issue of 564 million new ordinary shares ("Bonus Shares") in the company on the basis of 3 Bonus Shares for every 1 existing share held by its shareholders. Bursa Malaysia Securities Berhad had vide its letter dated 17 January 2022, approved the listing and quotation for 564 million new shares to be issued pursuant to the Proposed Bonus Issue of Shares.



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

A14. Material events subsequent to the end of the quarter *(continued)*

On 31 January 2022, the Company had issued the Notice of Extraordinary General Meeting (EGM) and distributed the Circular on the Proposed Bonus Issue. The EGM has been successfully convened on 25 February 2022, 10.00 a.m. that the Shareholders have approved the Proposed Bonus Issue.

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

A15. Related Party Transactions

The Group's related party transactions for the current quarter and the cumulative quarter ended 31 December 2021 are as follows:

| | Current Quarter Ended 31.12.2021 RM'000 | Cumulative Quarter Ended 31.12.2021 RM'000 |
|-------------------------------------|--|---|
| Rental charges to related parties | | |
| - Tint Auto (M) Sdn Bhd | 54 | 108 |
| - Rentas Health Sdn Bhd | 41 | 66 |
| Sale to related party | | |
| - Rentas Health Sdn Bhd | 4,814 | 11,299 |
| Purchase from related party | | |
| - Rentas Health Sdn Bhd | 53 | 116 |
| Management service to related party | | |
| - Rentas Health Sdn Bhd | 63 | 191 |

Note:

The related party is a company in which certain Directors and substantial shareholders of the Company have interests.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Performance review for the current quarter compared with the preceding year corresponding quarter

For the quarter under review, the Group recorded a revenue of RM45.20 million, representing an increase of 15% as compared to RM39.46 million in the preceding year's corresponding quarter attributable to higher sales volume for the Automotive segment.

Despite higher sales volume recorded, the Group's profit before taxation decreased marginally by 3% to RM7.66 million for the current quarter over the preceding year's corresponding quarter profit before tax of RM7.89 million. The slight decrease in profit before taxation is mainly due to the increase in logistics and shipping costs for the Automotive segment.

The Group's revenue was driven by leather upholstery and healthcare division which have contributed approximately 79% and 11% of the total revenue respectively. OEM leather car seat segment contributed approximately 82% of the total revenue for leather car seat covers whilst REM and PDI contributed approximately 7% and 11% respectively. Revenue generated from the Healthcare business is relatively consistent as opposed to the preceding year's corresponding quarter (Q2 FY2022: RM4.81 million; Q2 FY2021: RM4.84 million).

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

| | Current Year Quarter 31.12.2021 RM'000 | Immediate Preceding Quarter 30.09.2021 RM'000 | Variance | |
|-------------------|---|--|-----------------|----------|
| | | | RM'000 | % |
| Revenue | 45,198 | 22,791 | 22,407 | 98% |
| Profit before tax | 7,664 | 659 | 7,005 | 1063% |

For the current quarter under review, the Group's revenue increased by 98% to RM45.20 million from RM22.79 million in the immediate preceding quarter contributed by higher sales volume.

The profit before taxation in the current quarter improved by 1,063% to RM7.66 million, primarily attributable to much-improved sales volume as compared to RM0.66 million in the immediate preceding quarter, due to nationwide lockdown, FMCO 3.0 enforced by the Government from 1 June 2021 to the middle of August 2021.



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

B3. Prospects

Automotive segment

The Group is confident to maintain its market leadership in the automotive leather upholstery market in Malaysia, driven by the continuous innovation and improvement in the product offerings and designs to the customers. Ever since the industry-wide lockdowns have been lifted, the utilisation rate for the current manufacturing facility has increased to nearly 100% due to automobile manufacturers catching up with their backlog orders.

The Malaysian Automotive Association (MAA) has recently forecasted a 17.9% growth in vehicle sales to 600,000 units for 2022 from 508,911 units recorded in 2021. Although new vehicles sales fell for the second consecutive year in 2021, the 3.9% contraction was much smaller than the 12.4% contraction recorded in 2020.

Perodua continues to lead in terms of vehicle sales, followed by Proton and Toyota, all of which are customers of the Group. Perodua further revealed that it is targeting sales of 247,800 vehicles in 2022 and expects to produce 265,900 vehicles which is a 37.5% increase from vehicles produced in 2021. The increase in production will result in the increase of locally-sourced automotive parts by 41.5% to RM 7.5 billion, as compared to RM5.3 billion in 2021, which will bode well for the Group's business.

The sales tax exemption incentive for passenger vehicles till 30 June 2022 will boost new orders and the ramping up of production and deliveries by automotive companies to fulfill backlog will contribute positively to the Group's prospects moving forward.

To further enhance production capacity and operational efficiency, the Group had entered into a Sale and Purchase Agreement to acquire a vacant leasehold industrial land measuring 4.31 acres located at Serendah, Selangor to build and construct a second manufacturing facility for the Company's operations.

The expansion will enable Pecca to significantly increase its manufacturing and production capacity to cater for future orders from both existing and new markets. It will also materialise Pecca's strategy to enhance its operational efficiency in integrating the latest Industry 4.0 that enabled innovations and advanced manufacturing infrastructure. This will equip the Group to satisfy and meet the requirements of existing and new customers and will further enhance operational efficiency.

Healthcare segment

The Group expects the demand for PPE products to sustain as medical-grade masks and other mask varieties will continue to be a necessity of our daily life for much of the foreseeable future. This is further bolstered by the recent Omicron wave in Malaysia, and the Covid-19 cases in the country and worldwide are expected to continue to rise as reported by the Health Ministry and World Health Organisation recently.

To meet the rising demand, the Group has expanded its production capacity to a total of 7 production lines with an output of up to 30 million units of face masks per month. Investments have also been made to expand into higher-value and more advanced respirator type-masks models such as KF94, KN95 and N95 duckbill to better capture consumers' expectations in terms of quality and design for both domestic and overseas markets.



B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

(continued)

B3. Prospects (continued)

In addition, Rentas Health Sdn. Bhd., the distribution arm has engaged with leading grocery and pharmacy chains to further penetrate local markets across East and West Malaysia. This will certainly bring in more orders and contribute to further growth for the Group's healthcare segment in the near future.

Overall, the Group remains positive on the Group's performance in the coming quarter with the recovery of the Automotive sector for both domestic and overseas markets as well as further markets penetration and products improvement for the Healthcare segment.

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 taxation

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

| | Current Quarter Ended 31.12.2021 RM'000 | Cumulative Quarter Ended 31.12.2021 RM'000 |
|---|--|---|
| Interest income | (227) | (489) |
| Depreciation of: | | |
| - Property, plant and equipment | 1,275 | 2,445 |
| - Right of use asset | 128 | 227 |
| Reversal of provision of inventory | 64 | 141 |
| Reversal of impairment loss on trade receivable | (56) | (56) |
| Gain on disposal of property, plant and equipment | - | - |
| Realised foreign exchange loss | 5 | 33 |
| Unrealised foreign exchange loss/(gain) | (18) | 41 |

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.



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

B6. Taxation

| | Current Quarter Ended 31.12.2021 RM'000 | Cumulative Quarter Ended 31.12.2021 RM'000 |
|--------------------|--|---|
| Income tax expense | 1,660 | 1,816 |

The Group's effective tax rate for the cumulative quarter of 22% is lower than the statutory tax rate of 24% mainly due to deductible temporary differences arising from the business operations. The Group's effective tax rate was approximately the statutory income tax rate should the calculation exclude the deductible temporary differences.

B7. Status of Corporate Proposals

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

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

On 8 November 2021, the Company had entered into a Mutual Rescission and Release Agreement with Rentas Health Sdn. Bhd. to mutually terminate and rescind the share sale and purchase agreement ("SPA") in accordance with clause 10.1.1 of the SPA, with effect from the date of the Mutual Rescission and Release Agreement. As such, the Proposed Acquisition has been aborted following the termination of the SPA. Accordingly, the Proposed Diversification will be aborted and not pursued at this juncture.

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.

The status of utilisation of the proceeds from the Public Issue of 47,796,000 new ordinary shares at RM1.42 as of 30 September 2021 is as follows:

| Purposes | Revised Expected Timeframe for Utilisation (from 19 April 2018) | Revised Amount (RM'000) | Actual Utilisation (RM'000) | Utilised % |
|---|--|--|--|-------------------|
| a) Working capital | - | 27,859 | (27,859) | 100 |
| b) Repayment of bank borrowings | - | 17,100 | (17,100) | 100 |
| c) Purchase of machineries for the production of car leather seat covers | Within 24 months | 4,871 | (4,871) | 100 |
| d) Construction of an additional storey of production floor area on the existing factory building | - | 5,000 | (5,000) | 100 |
| e) Opening of retail outlets | - | 0 | 0 | 100 |
| f) Establishment of market presence in Thailand | Within 24 months | 0 | 0 | 100 |
| g) Expansion of aviation business | Within 24 months | 834 | (834) | 100 |
| h) Estimated listing expenses | - | 4,111 | (4,111) | 100 |
| g) Purchase of raw material | - | 5,350 | (5,350) | 100 |
| i) Selling and distribution expenses of: | | | | |
| - Retail | Within 24 months | 2,000 | (40) | 2 |
| - Thailand | Within 24 months | 0 | 0 | 100 |
| - Aviation | Within 24 months | 745 | (64) | 9 |
| Total Public Issue Proceeds | | 67,870 | (65,229) | 96 |

Note:

(a) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 March 2016 and the announcement dated 23 April 2018.

B9. Group borrowings (secured)

The Group has fully settled all the bank borrowings with the proceeds from IPO as disclosed in Note B8 above.



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

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

No dividend was declared or recommended for payment by the company during the quarter under review.

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 31.12.2021 RM'000 | Cumulative Quarter Ended 31.12.2021 RM'000 |
|---|--|---|
| Profit attributable to equity holders | 6,002 | 6,516 |
| Weighted average number of ordinary shares in issue excluding Treasury Shares | 184,122 | 184,122 |
| Basic earnings per share (sen) | 3.26 | 3.54 |
| Diluted earnings per share (sen) | 3.26 | 3.54 |

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 December 2021.

B13. Authorisation for Issue

The interim Financial Statements were authorised for issue by the Board of Directors on 25 February 2022.

BY ORDER OF THE BOARD

Kuala Lumpur
25 FEBRUARY 2022