

KUMPULAN POWERNET BERHAD
(Company No: 419227-X)

KUMPULAN POWERNET BERHAD
(Incorporated In Malaysia)
(Company No: 419227 X)

4TH QUARTERLY REPORT
on Group Results ended
30 June 2019

(The figures have not been audited)

KUMPULAN POWERNET BERHAD

(Company No: 419227-X)

Unaudited Condensed Consolidated Statements of Cash Flow for the 12 months ended 30 June 2019

	CUMULATIVE QUARTER	
	12 months ended	
	30 June 2019	30 June 2018
	RM '000	RM'000
Cash flow from operating activities	940	(5,001)
Profit/(loss) before taxation		
Adjustments for:-		
Depreciation for property, plant and equipment	742	987
Depreciation for investment property	-	160
Loss/(Gain) on disposal of property, plant and equipment	(37)	(84)
Property, plant and equipment written off	-	7
Loss on liquidation of a subsidiary company	-	24
Written off of inventory	-	(196)
Written off of tax recoverable	-	191
Interest income	(62)	(74)
Interest expense	120	193
Operating profit/(loss) before changes in working capital	1,703	(3,793)
Changes in working capital		
Inventories	7,326	647
Receivables	(8,826)	(303)
Payables	4,673	(5,686)
Net cash flows used in operation	4,876	(9,135)
Tax paid	(459)	-
Tax refund	-	17
Interest received	62	74
Net cash flows used in operation	4,479	(9,044)
Cash flow from investing activities		
Disposal of property, plant and equipment	-	207
(Advances to)/repayment from subsidiary	-	(24)
Purchase of property, plant and equipment	(7,338)	(25)
Net cash used in investing activities	(7,338)	158
Cash flow from financing activities		
Interest paid	(120)	(193)
Proceed from issuance of share	-	12,081
Advances from Repayment to a director	-	28
Drawdown/(Repayment) of term loan	-	677
Net cash from financing activities	(120)	12,593
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,979)	3,707
Cash and cash equivalent at beginning of financial period	4,485	665
Effect of currency translation differences	-	113
	4,485	778
Cash and cash equivalent at end of financial year	1,506	4,485
Cash and cash equivalent at the end of the financial year comprises the following:-		
Cash and bank balance	1,227	4,176
Short term deposits	279	309
	1,506	4,485

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018

KUMPULAN POWERNET BERHAD

(Company No: 419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2019

	(Unaudited) 30 June 2019 RM'000	(Audited) 30 June 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,859	13,521
Investment properties	-	8,272
Total non-current assets	20,859	21,793
Current assets		
Inventories	8,921	8,836
Trade receivables	9,450	458
Other receivables, deposits and prepayments	319	406
Deposits placed with licensed banks	279	309
Cash and bank balances	1,227	4,176
Total current assets	20,196	14,185
TOTAL ASSETS	41,055	35,978
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	28,994	28,994
Accumulated profit/(losses)	(9,285)	(9,766)
Reserves	4,800	4,805
Total equity attributable to owners of the parent	24,509	24,033
Non-controlling interests	(390)	(390)
Total equity	24,119	23,643

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018

KUMPULAN POWERNET BERHAD
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Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2019 (Continued)

	(Unaudited) 30 June 2019 RM'000	(Audited) 30 June 2018 RM'000
Non-current liabilities		
Deferred taxation	-	551
Borrowings	3,306	2,915
	<hr/>	
Total non-current liabilities	3,306	3,466
	<hr/>	
Current liabilities		
Trade payables	5,877	598
Other payables and accruals	6,950	1,642
Current tax liabilities	802	8
Amount due to directors	-	5,340
Borrowings	-	1,281
	<hr/>	
Total current liabilities	13,631	8,869
	<hr/>	
Total liabilities	16,937	12,335
	<hr/>	
TOTAL EQUITY AND LIABILITIES	41,055	35,978
	<hr/>	
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.32	0.32

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUMPULAN POWERNET BERHAD

(Company No: 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 12 months period ended as at 30 June 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEEDING YEAR	CURRENT YEAR TO DATE	PRECEEDING YEAR
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Revenue	11,970	1,280	13,242	5,725
Cost of sales	(7,682)	(1,893)	(9,331)	(6,942)
Gross profit/(loss)	4,288	(613)	3,911	(1,217)
Other operating income	64	155	99	215
Distribution expenses	(290)	(228)	(290)	(638)
Administrative expenses	(1,047)	(762)	(2,531)	(3,125)
Other operating expenses	(155)	-	(155)	(43)
Operating profit/(loss)	2,860	(1,448)	1,034	(4,808)
Finance costs	(94)	(60)	(94)	(193)
Profit/(loss) before tax	2,766	(1,508)	940	(5,001)
Taxation	(459)	113	(459)	24
Net profit/(loss) for the financial year	2,307	(1,395)	481	(4,977)
Other comprehensive (expenses)/income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation	(5)	-	(5)	(104)
Total comprehensive profit/(loss) for the financial year	2,302	(1,395)	476	(5,081)
Profit/(loss) attributable to:				
Owners of the parent	2,302	(1,395)	476	(4,979)
Non-controlling interests	-	-	-	2
	2,302	(1,395)	476	(4,977)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent	2,302	(1,395)	476	(5,083)
Non-controlling interests	-	-	-	2
	2,302	(1,395)	476	(5,081)
Profit/(loss) per ordinary share attributable to owners of the parent (sen)				
- Basic	3.02	(1.83)	0.63	(6.54)
- Diluted	3.02	(1.83)	0.63	(6.54)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUMPULAN POWERNET BERHAD

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Unaudited Condensed Consolidated Statements of Changes of Equity for the 12 months period ended 30 June 2019

	← Non distributable →						
	Share Capital	Asset Revaluation Reserves	Translation Reserve	Accumulated Losses	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2018	28,994	4,912	(107)	(9,766)	24,033	(390)	23,643
Net profit/(loss) for the period	-	-	-	481	481	-	481
Foreign currency translation	-	-	(5)	-	(5)	-	(5)
Total comprehensive profit/(loss) for the financial period	-	-	(5)	481	476	-	476
As at 30 June 2019	28,994	4,912	(112)	(9,285)	24,509	(390)	24,119
As at 1 July 2017	16,913	4,912	(3)	(4,787)	17,035	(402)	16,633
Issuance of shares	12,081	-	-	-	12,081	-	12,081
Acquisition of interest in subsidiary	-	-	-	-	-	10	10
Net profit/(loss) for the financial year	-	-	-	(4,979)	(4,979)	2	(4,977)
Foreign currency translation	-	-	(104)	-	(104)	-	(104)
Total comprehensive profit/(loss) for the financial year	-	-	(104)	(4,979)	(5,083)	2	(5,081)
As at 30 June 2018	28,994	4,912	(107)	(9,766)	24,033	(390)	23,643

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

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NOTES TO THE INTERIM FINANCIAL REPORT for the fourth quarter ended 30 June 2019

Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of Bursa Malaysia Listing Requirements. The interim financial report also complies with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The interim financial report has been prepared on a condensed basis and as such it should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2018. The notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 30 June 2018.

MFRS 134 - Paragraph 16

M1. Accounting policies and methods

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 30 June 2018, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC interpretations with effect from 1 July 2018:

MFRS 9: Financial Instruments

Amendments to MFRS 15 (Revenue from Contracts with Customers)

Clarification to MFRS 15 (Revenue from Contracts with Customers)

IC Interpretation 22 (Foreign Currency Transaction and Advanced Consideration)

Amendments to MFRS 1 (Annual Improvements to MFRSs 2014-2016 Cycle)

The adoption of the above standards, amendments and interpretations do not have significant impact on the financial statements of the Group.

M2. Disclosure of audit report qualification and status of matters raised

The auditors' report most recent audited financial statements for the financial year ended 30 June 2018 did not contain any qualification.

M3. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

M4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current interim period under review.

M5. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial year, which have material effects on the financial position or performance in the current interim period under review.

M6. Changes in debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the financial year-to-date.

M7. Dividends

The Board does not recommend any dividend payment for the current period under review.

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M8. Segment information

The Group is principally involved in the manufacturing of warp-knitted fabrics and property development.

	Individual quarter 3 months ended <u>30 June 2019</u> RM'000	Cumulative quarter 12 months ended <u>30 June 2019</u> RM'000
REVENUE		
Manufacturing	2,504	2,669
Investment	193	770
Property development	11,802	12,331
	<hr/> 14,499	<hr/> 15,770
Inter-company elimination	(2,529)	(2,529)
Total revenue	<hr/> 11,970 <hr/>	<hr/> 13,241 <hr/>
PROFIT BEFORE TAX		
Manufacturing	(899)	(2,692)
Investment	(115)	(186)
Property development	3,780	3,818
Profit/(loss) before taxation	<hr/> 2,766	<hr/> 940
Taxation	(459)	(459)
Profit/(loss) for the financial period	<hr/> 2,307 <hr/>	<hr/> 481 <hr/>
	Unaudited as at <u>30 June 2019</u> RM'000	Audited as at <u>30 June 2018</u> RM'000
ASSETS		
Manufacturing	15,511	8,634
Investment	8,271	4,677
Property development	42,190	22,666
Total assets	<hr/> 65,972 <hr/>	<hr/> 35,978 <hr/>
LIABILITIES		
Manufacturing	19,049	5,427
Investment	8,257	2,343
Property development	15,277	4,317
Total liabilities	<hr/> 42,583 <hr/>	<hr/> 12,335 <hr/>

M9. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at <u>30 June 2019</u> RM'000
<u>Cost</u>	
As at 1.04.2019	38,394
Additions	-
Written off	-
As at 30 June 2019	<hr/> 38,394 <hr/>
<u>Accumulated depreciation and amortisation</u>	
As at 1.04.2019	17,351
Charge for the financial period	184
Written off	-
As at 30 June 2019	<hr/> 17,535 <hr/>
<u>Net book value</u>	
As at 30 June 2019	<hr/> 20,859 <hr/>

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M10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review other than the matter disclosed in the preceding paragraph.

M11. Changes in composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter under review.

M12. Contingent liabilities

There were no contingent liabilities which become enforceable that may have a material effect on the assets or financial position of the Group for the current financial period.

M13. Inventories

	Current financial quarter as at 30 June 2019 RM'000
<u>Stated at cost</u>	
Held for	
- Manufacture	
Raw materials	143
Packing materials and loose tools	1
Work-in-progress	61
Development Properties	
- Sale	186
Finished products	
	391

M14. Capital commitments

There was no capital commitment authorised by the Directors for the financial period under review as at 30 June 2019.

M15. Extraordinary item

There was no extraordinary item.

M16. Related party transactions

The following transactions were with parties in which certain directors have or are deemed to have substantial interest:

Nature of transaction	Individual period (RM'000)		Cumulative period (RM'000)	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Revenue from property development	2,557	-	2,557	-

M17. Finance income and finance expense

	Individual period (RM'000)		Cumulative period (RM'000)	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Finance income	16	19	62	74
Finance expense	94	60	94	193

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Bursa Malaysia Listing Requirements (Part A of Appendix 9B)

B1. Review of financial performance of the Company and its subsidiaries

	Current Cumulative quarter 12 months ended <u>30 June 2019</u> RM'000	Corresponding Cumulative quarter 12 months ended <u>30 June 2018</u> RM'000	Increase / (Decrease)	
			RM'000	%
Group revenue	13,242	5,725	7,517	131
Gross profit/(loss) from operations	1,034	(4,808)	5,842	122
Group profit/(loss) before taxation	940	(5,001)	5,941	119
Group profit/(loss) for the financial period	481	(4,977)	5,458	110

The Group's revenue for the current cumulative quarter ended 30 June 2019 recorded a higher amount of RM13.242 million compared to previous corresponding period of RM5.725 million, an increase of RM7.517 million or 131%. The increase was mainly due to the contribution from our Group's property project in Sentul, Kuala Lumpur.

The Group made a profit before tax of RM0.481 million for the current cumulative quarter ended 30 June 2019 as compared to a loss of RM4.977 million reported in previous year's corresponding period. The profit made was contributed by the sale of units under the property division and the effect of management restructuring exercise.

B2. Comments on material changes in result before taxation in the current financial quarter as compared with the immediate preceding financial quarter

	Current financial quarter 3 months ended <u>30 June 2019</u> RM'000	Preceding financial quarter 3 months ended <u>30 March 2019</u> RM'000	Increase / (Decrease)	
			RM'000	%
Group revenue	11,970	425	11,545	2716
Gross profit/(loss) from operations	2,860	(266)	3,126	1175
Group profit/(loss) before taxation	2,766	(698)	3,464	496
Group profit/(loss) for the financial period	2,307	(698)	3,005	431

The Group's revenue for the current financial quarter ended 30 June 2019 was at RM11.970 million compared to RM0.425 million in the preceding financial quarter, an increase of RM11.545 million or 2716% mainly due to sale of units under the property division.

The gross profit from operations for the current financial quarter was at RM2.860 million compared to loss from operation of RM0.698 million in the preceding quarter, which was a difference of RM3.126 million. This was mainly due to sale of units under the property division and effect from the management restructuring exercise.

The group profit was RM2.307 million for the current financial quarter against the group loss of RM0.698 million in the preceding quarter increased by RM3.005 million or 431% which was mainly attributed by the increase in revenue and gross profit arising from the sale of units under the property division and effect from the management restructuring exercise.

B3. Prospects

The management will be seeking for opportunities in areas such as energy, utilities, infrastructure and logistics to further expand the Group's business activities. Moving forward, the Group is expecting to strengthen its financial position with further recognition of income from the property division and potential new business from the aforesaid segments.

B4. Variance of actual profit from profit forecast

This is not applicable as no profit forecast has been disclosed.

B5. Corporate proposal

There was no corporate proposals within 7 days before the date of issue of this interim financial report.

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B6. Borrowings

The Group's financing/borrowings are as follows:

	As at 30 th June 2019	As at 30 th June 2018
	RM '000 Currency	RM '000 Currency
Secured	3,306	4,196

Currently, the Group does not have any hedging policy for borrowings denominated in foreign currency due to borrowings is used to finance the Group's international business which is also denominated in foreign currency. The Group monitors the foreign currency movement and will take the necessary steps to minimize the risk whenever deemed appropriate.

B7. Material Litigation

There was no material litigation against the Group as at the reporting date.

B8. Dividends payable

No interim dividend has been declared during the current interim period under review.

B9. Earnings per share ("EPS")

	Current quarter 3 months ended 30 June		Cumulative quarter 12 months ended 30 June	
	<u>2019</u> RM'000	<u>2018</u> RM'000	<u>2019</u> RM'000	<u>2018</u> RM'000
Profit/(loss) attributable to owners of the Company	2,302	(1,395)	476	(5,081)
	No.	No.	No.	No.
Number of ordinary shares in issue ('000)	76,150	76,150	76,150	76,150
	Sen	Sen	Sen	Sen
Basic and diluted EPS	3.02	(1.83)	0.63	(6.67)

Basic EPS for the current quarter and cumulative quarter are calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares in issue.

B10. Profit before taxation

	Individual quarter 3 months ended <u>30 June 2019</u> RM'000	Cumulative quarter 12 months ended <u>30 June 2019</u> RM'000
Profit before taxation has been arrived at after charging / (crediting):		
Interest income	1	62
Depreciation and amortisation of property, plant and equipment	184	742
Gain on disposal of fixed assets	37	37
(Profit)/loss on foreign exchange		
- Realised	5	5