

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019 RM'000	Preceding Year Quarter 31.12.2018 <sup>(2)</sup> RM'000	Current Year To-Date 31.12.2019 RM'000	Preceding Year To-Date 31.12.2018 <sup>(2)</sup> RM'000
Revenue	21,757	N/A	88,131	N/A
Cost of sales	(15,632)	N/A	(63,327)	N/A
Gross profit	6,125	N/A	24,804	N/A
Other income	1,527	N/A	4,672	N/A
Administrative and distribution expenses	(4,596)	N/A	(15,025)	N/A
Other operating expenses	(49)	N/A	(147)	N/A
Profit from operations	3,007	N/A	14,304	N/A
Finance costs	(218)	N/A	(768)	N/A
Profit before taxation	2,789	N/A	13,536	N/A
Taxation	(1,078)	N/A	(4,090)	N/A
<b>Profit for the financial period</b>	<b>1,711</b>	<b>N/A</b>	<b>9,446</b>	<b>N/A</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation loss	(49)	N/A	(16)	N/A
<b>Total comprehensive income for the financial period</b>	<b>1,662</b>	<b>N/A</b>	<b>9,430</b>	<b>N/A</b>
Profit for the financial period attributable to:				
Owners of the Company	1,712	N/A	9,448	N/A
Non-controlling interests	(1)	N/A	(2)	N/A
	1,711	N/A	9,446	N/A
Total comprehensive income for the financial period attributable to:				
Owners of the Company	1,663	N/A	9,432	N/A
Non-controlling interests	(1)	N/A	(2)	N/A
	1,662	N/A	9,430	N/A
Earnings per share attributable to owners of the Company (sen) <sup>(3)</sup> :				
Basic / Diluted <sup>(4)</sup>	0.35	N/A	1.92	N/A

Notes:

- (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 January 2020 in relation to the Company's initial public offering ("IPO") ("**Prospectus**") and the accompanying explanatory notes attached to this interim financial report.
  - (2) There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").
  - (3) Based on the Company's weighted average number of ordinary shares during the current financial quarter / current financial year to-date.
  - (4) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities as at 31 December 2019.
- N/A Not applicable

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	Unaudited As at 31.12.2019 RM'000	Audited As at 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	11,927	13,754
Right-of-use assets	2,417	-
Intangible assets	-	51
Goodwill	495	495
Investments	8	14
	<b>14,847</b>	<b>14,314</b>
<b>Current assets</b>		
Inventories	11,831	13,330
Trade and other receivables	52,565	43,633
Tax recoverable	244	1,181
Deposits, cash and bank balances	16,456	17,861
	<b>81,096</b>	<b>76,005</b>
<b>TOTAL ASSETS</b>	<b>95,943</b>	<b>90,319</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	14,806	14,806
Retained earnings	45,327	35,879
Translation reserve	33	49
	<b>60,166</b>	<b>50,734</b>
Non-controlling interests	<sup>(3)</sup> -	2
<b>TOTAL EQUITY</b>	<b>60,166</b>	<b>50,736</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,141	234
Deferred tax liabilities	983	1,042
	<b>2,124</b>	<b>1,276</b>
<b>Current liabilities</b>		
Trade and other payables	28,276	36,564
Amount due to directors	1	28
Bank borrowings	4,200	207
Lease liabilities	727	343
Current tax liabilities	449	1,165
	<b>33,653</b>	<b>38,307</b>
<b>TOTAL LIABILITIES</b>	<b>35,777</b>	<b>39,583</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>95,943</b>	<b>90,319</b>
Net assets per share (RM) <sup>(2)</sup>	0.12	0.10

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on the Company's issued share capital of 493,152,000 ordinary shares as at the end of the financial year.
- (3) Negligible.

## INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)(2)</sup>

	Attributable to owners of the Company					Non-controlling Interests	Total
	Non-distributable		Distributable		Total		
	Share capital	Translation reserve	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2019	14,806	49	35,879	50,734	2	50,736	
Profit for the financial period	-	-	9,448	9,448	(2)	9,446	
Other comprehensive loss for the financial period	-	(16)	-	(16)	-	(16)	
Total comprehensive income	-	(16)	9,448	9,432	(2)	9,430	
<b>Balance at 31 December 2019</b>	<b>14,806</b>	<b>33</b>	<b>45,327</b>	<b>60,166</b>	<b>-</b>	<b>60,166</b>	

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>**

	Cumulative Quarter	
	Current Year To-Date 31.12.2019 RM'000	Preceding Year To-Date 31.12.2018 <sup>(2)</sup> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,536	N/A
Adjustments for:		
Allowance for impairment loss on trade and other receivables	2,924	N/A
Amortisation of intangible assets	51	N/A
Bad debt written off	19	N/A
Depreciation of property, plant and equipment	1,230	N/A
Depreciation of right-of-use assets	1,044	N/A
Deposit written off	2	N/A
Loss on changes in fair value of investments	6	N/A
Gain on disposal of property, plant and equipment	(80)	N/A
Property, plant and equipment written off	<sup>(3)</sup> -	N/A
Reversal of impairment loss on trade and other receivables	(3,214)	N/A
Unrealised loss on foreign exchange - net	65	N/A
Interest expenses	768	N/A
Interest income	(694)	N/A
Operating profit before working capital changes	15,657	N/A
Decrease in inventories	1,499	N/A
Increase in trade and other receivables	(8,679)	N/A
Decrease in amount due by director	<sup>(3)</sup> -	N/A
Decrease in trade and other payables	(8,273)	N/A
Decrease in amount due to directors	(27)	N/A
Cash generated from operations	177	N/A
Interest paid	(768)	N/A
Tax refund	1,465	N/A
Tax paid	(5,392)	N/A
Net cash used in operating activities	(4,518)	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	694	N/A
Purchases of property, plant and equipment	(349)	N/A
Net cash generated from investing activities	345	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net finance lease payables repaid	(1,188)	N/A
Net bank borrowings obtained	<sup>(4)</sup> 3,993	N/A
Net cash generated from financing activities	2,805	N/A
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of the financial year	17,861	N/A
Net exchange differences	(37)	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>16,456</b>	<b>N/A</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	7,330	N/A
Placement in money market deposits	4,370	N/A
Cash and bank balances	4,756	N/A
	16,456	N/A
Less: Deposits pledged to licensed banks	(720)	N/A
	<b>15,736</b>	<b>N/A</b>

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.
- (3) Negligible.
- (4) The bank borrowings obtained were mainly the banker's acceptance drawn upon in the current financial quarter which was utilised to pay trade payables. Please refer to Note B8 for further details.

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**PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

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**A1 Basis of Preparation**

The interim financial statements of Powerwell Holdings Berhad (“**Powerwell**” or the “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134 - Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements.

This is the second interim financial report on the Company’s results for the fourth quarter ended 31 December 2019 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding financial year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

**A2 Significant Accounting Policies**

The accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial period ended 31 July 2019 as disclosed in the Accountants’ Report in the Prospectus.

The application of the new MFRS 16 has resulted in changes in the Group’s accounting policies as further explained in below. The adoption of the IC Interpretation and amendments to MFRSs that are effective for the current financial period did not have any significant impact on the Group’s financial statements.

**MFRS 16 Leases**

MFRS 16 superseded the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

MFRS 16 has been adopted without restating comparative information in accordance with the transitional provisions of the Standard and the reclassification and adjustments arising from the new requirements are therefore not reflected in the statement of financial position as at 31 December 2018. Instead, they are recognised in the opening balances as at 1 January 2019. The financial information presented up to 2018 do not reflect the requirements of MFRS 16 but rather those of MFRS 117.

The following is a reconciliation of total operating lease commitments as at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	<b>Group RM</b>
Operating lease commitments disclosed at 31 December 2018	855,963
Discounted using incremental borrowing rate	5.36%
Operating lease liabilities	1,503,213
Finance lease obligation	<u>577,074</u>
Total lease liabilities recognised under MFRS 16 at 1 January 2019	<u><u>2,080,287</u></u>

**PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****A2 Significant Accounting Policies (Cont'd)**

The impact of the initial application of MFRS 16 as at 1 January 2019 is as follows:

Group	Carrying amount as at 01.01.2019	Effect of adoption of MFRS 16	(Restated) Carrying amount as at 01.01.2019
	RM	RM	RM
<b>Non-current assets</b>			
Property, plant and equipment	13,754,674	(994,828)	12,759,846
Right-of-use	-	2,498,041	2,498,041
<b>Non-current liabilities</b>			
Lease liabilities	233,742	941,903	1,175,645
<b>Current liabilities</b>			
Lease liabilities	343,332	561,310	904,642

On transition to MFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under MFRS 16 was 5.36% .

**A3 Auditors' Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December (“FYE”) 2018.

**A4 Seasonal and Cyclical Factors**

The demand for the Group's products is dependent on developments in the construction sector in Malaysia and in other overseas countries as the Group supplies its products for new developments and refurbishment of properties and infrastructures. The construction sector typically moves in tandem with the economy, where strong economic growth coupled with fiscal stimulus by the Government tends to spur growth in the construction sector and *vice versa*.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current financial year-to-date.

**A6 Material Changes in Estimates**

There were no material changes in estimates that have a material effect, during the current financial quarter and current financial year-to-date.

**A7 Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter and current financial year-to-date.

**A8 Dividends Paid**

No dividend has been paid during the current financial quarter.



**PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****A9 Segmental Reporting**

The Group is principally involved in the design, manufacturing and trading of electricity distribution products which comprise low voltage switchboards, medium voltage switchgears and related products. The Group's revenue is mainly confined to this single operating segment. As such, the revenue of the Group for the current financial quarter and current financial year-to-date is derived entirely from this operating segment.

In determining geographical segments of the Group, segment revenue is based on the geographical location of customers.

Revenue breakdown by geographical location of the Group's customers are set out as follows:

Revenue by geographical location	Individual Quarter				Cumulative Quarter			
	Current Year		Preceding Year		Current Year		Preceding Year	
	Quarter		Quarter		To-Date		To-Date	
	31.12.2019		31.12.2018 <sup>(1)</sup>		31.12.2019		31.12.2018 <sup>(1)</sup>	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	19,248	88.5	N/A	N/A	74,047	84.0	N/A	N/A
Vietnam	2,010	9.2	N/A	N/A	6,762	7.7	N/A	N/A
Indonesia	499	2.3	N/A	N/A	6,125	6.9	N/A	N/A
Others <sup>(2)</sup>	-	-	N/A	N/A	1,197	1.4	N/A	N/A
<b>Total</b>	<b>21,757</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>88,131</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>

Notes:

(1) There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.

(2) Others include Cambodia, Singapore and Australia.

N/A Not applicable.

**A10 Valuation of Property, Plant and Equipment**

There was no valuation of property, plant and equipment during the current financial quarter and current financial year-to-date.

**A11 Material Events Subsequent to the End of the Reporting Period**

Save as disclosed in Note B6, "Status of Corporate Proposals", there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

**A12 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter and current financial year-to-date.

**PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

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**A13 Contingent Assets and Contingent Liabilities**

There are no contingent assets and contingent liabilities which, upon becoming enforceable, may have a material impact on the Group's business, financial performance or financial position, as at the date of this interim financial report.

**A14 Capital Commitments**

The Group's planned capital commitments are disclosed in Section 3.4.1 of the Prospectus. The Group expects to meet its planned capital commitments through the IPO proceeds as well as internally generated funds.

Saved as disclosed above, there were no material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter.

**A15 Significant Related Party Transactions**

There were no significant related party transactions during the current financial quarter and current financial year-to-date.

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B1 Review of Financial Performance**

While the Group secures the project upfront, the Group's revenue is recognised upon the delivery to and acceptance of the products by its customers. Therefore, the issuance of the purchase order from customers and the timing of delivery and acceptance of the products for the projects will affect the Group's revenue.

**Financial performance for the current financial quarter ended 31 December 2019**

The Group recorded a revenue of RM21.8 million and profit before taxation ("PBT") of RM2.8 million respectively for the current financial quarter ended 31 December 2019. 88.5% of the Group's revenue was derived from customers located in Malaysia, followed by Vietnam (9.2%) and Indonesia (2.3%). The Group's gross profit ("GP") margin in current financial quarter was 28.2% while the PBT margin was 12.8%.

During the current financial quarter, the Group has undertaken 140 projects for the LV segment and 2 projects for the MV segment. The average project value is RM0.15 million for the LV segment projects and RM0.26 million for the MV segment projects.

**Financial performance for FYE 2019**

For the FYE 2019, the Group recorded a revenue of RM88.1 million and PBT of RM13.5 million. Sales to customers in Malaysia contributed 84.0% to the Group's revenue, followed by Vietnam (7.7%) and Indonesia (6.9%). The Group's GP margin for the FYE 2019 was 28.1% while the PBT margin was 15.4%.

In FYE 2019, the Group has undertaken 345 projects for the LV segment and 5 projects for the MV segment. The average project value is RM0.25 million for the LV segment projects and RM0.23 million for the MV segment projects.

There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.

**B2 Comparison with Immediate Preceding Quarter**

	Individual Quarter 3-month ended		Changes	
	31.12.2019	30.09.2019		
	RM'000	RM'000	RM'000	%
Revenue	21,757	26,847	(5,090)	(19.0)
PBT	2,789	7,091	(4,302)	(60.7)

The Group's revenue for the current financial quarter decreased by 19.0% to RM21.8 million from RM26.8 million recorded in the preceding quarter. The decrease was mainly due to a decrease in average project value for the LV segment projects by RM0.05 million from RM0.20 million in the preceding quarter to RM0.15 million in the current quarter.

The Group's PBT decreased by 60.7% to RM2.8 million as compared to RM7.1 million recorded in the preceding quarter. The decrease in PBT in current quarter as compared to the preceding quarter was mainly due to:

- (i) the lower revenue recorded in the current quarter as explained above; and
- (ii) the higher administrative and distribution expenses that was mainly attributable to higher net impairment losses on trade and other receivables.

**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B3 Commentary on Prospects**

As disclosed in the Prospectus, the Group has the following business strategies in the future:

- (i) Enhance the Group's product offerings through the commercialisation of our own "Powerwell" branded medium voltage switchgears;
- (ii) Obtain third party "International Electrotechnical Commission" standards-compliant certifications for a wider range of the Group's products, including the "Powerwell" branded medium voltage switchgears upon its successful development;
- (iii) Augment the Group's efforts in growing the replacement market business;
- (iv) continue to increase the Group's manufacturing and marketing activities in the domestic and regional markets in order to grow its market share; and
- (v) Upgrade some of the Group's machinery and equipment, Enterprise Resource Planning system and data management system in order to support the anticipated growth in the Group's business.

As at 20 February 2020, being the latest practicable date prior to this announcement, the Group's order book balance was estimated to be RM64.5 million, which will be billed progressively up to the next 24 months. The revenue expected to be recognised from the order book is subject to the delivery and acceptance by the customers of the Group's products.

Premised on the above and barring unforeseen circumstances, the Board of Directors expects the Group's financial performance for the next financial year to be satisfactory.

**B4 Profit Forecast**

The Company did not issue any profit forecast or guarantee during the current financial quarter and current financial year-to-date.

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019 RM'000	Preceding Year Quarter 31.12.2018 <sup>(1)</sup> RM'000	Current Year To-Date 31.12.2019 RM'000	Preceding Year To-Date 31.12.2018 <sup>(1)</sup> RM'000
Income tax	1,142	N/A	4,149	N/A
Deferred tax	(64)	N/A	(59)	N/A
	1,078	N/A	4,090	N/A
Effective tax rate <sup>(2)</sup>	38.7%	N/A	30.2%	N/A

Notes:

(1) There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.

(2) The effective tax rate of the Group for the current financial quarter and current financial year-to-date was higher than the statutory tax rate mainly due to higher non-deductible expenses such as impairment losses on trade and other receivables and depreciation on equipment and right-of-use.

N/A Not applicable.

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B6 Status of Corporate Proposals**

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company undertook a public issue of 87,400,000 new ordinary shares ("**Shares**") at an issue price of RM0.25 per Share ("**Public Issue**") comprising:

- (a) 23,800,000 new Shares to the Malaysian public;
- (b) 60,700,000 new Shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry of Malaysia; and
- (c) 2,900,000 new Shares by way of private placement to institutional and selected investors.

The listing and quotation of the Company's entire enlarged issued share capital on the ACE Market of Bursa Securities was completed on 22 January 2020.

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

**B7 Utilisation of Proceeds Raised from Public Issue**

The gross proceeds from the Public Issue amounting to RM21.85 million is intended to be utilised in the following manner:

Details of utilisation	Proposed utilisation	Actual utilisation <sup>(1)</sup>	Balance Unutilised	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Capital expenditure	10,270	-	10,270	Within 18 months
Certification expenditure	3,865	-	3,865	Within 24 months
Working capital	3,615	-	3,615	Within 24 months
Estimated listing expenses	4,100	-	4,100	Upon listing
<b>Total</b>	<b>21,850</b>	<b>-</b>	<b>21,850</b>	

Note:

(1) As at 31 December 2019, the Public Issue was pending completion.

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

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B8 Borrowings**

The details of the Group's borrowings are as follows:

	<b>Currency</b>	<b>As at 31.12.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Non-current:</b>			
Lease liabilities (secured)	Ringgit Malaysia	1,141	234
		<u>1,141</u>	<u>234</u>
<b>Current:</b>			
Lease liabilities (secured)	Ringgit Malaysia	727	343
Revolving credit (secured)	Vietnamese Dong	-	207
Banker's acceptance (secured)	Ringgit Malaysia	<sup>(1)</sup> 4,200	-
		<u>4,927</u>	<u>550</u>
<b>Total borrowings</b>		<b><u>6,068</u></b>	<b><u>784</u></b>

Note:

(1) The Group drew upon the banker's acceptance to pay certain suppliers and subcontractors in order to take advantage of rebates offered by them.

**B9 Material Litigation**

There are no material litigations pending as at the date of this interim financial report.

**B10 Dividends**

The Board of Directors of the Company did not declare or recommend any dividend during the current financial quarter.

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B11 Earnings per Share**

The basic and diluted earnings per share for the current financial quarter and current financial year-to-date are computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019	Preceding Year Quarter 31.12.2018 <sup>(1)</sup>	Current Year To-Date 31.12.2019	Preceding Year To-Date 31.12.2018 <sup>(1)</sup>
Profit for the financial period attributable to owners of the Company (RM'000)	1,712	N/A	9,448	N/A
Weighted average number of ordinary shares in issue ('000)	493,152	N/A	493,152	N/A
Basic earnings per share (sen) <sup>(2)</sup>	0.35	N/A	1.92	N/A
Diluted earnings per share (sen) <sup>(3)</sup>	0.35	N/A	1.92	N/A

Notes:

- (1) There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.
- (2) The basic earnings per share is computed based on the profit for the financial period attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the current financial quarter / current financial year to-date.
- (3) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities as at 31 December 2019.

N/A Not applicable

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B12 Notes to the Statement of Profit or Loss and Other Comprehensive Income**

Profit before taxation is arrived at after charging / (crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2019 RM'000	Preceding Year Quarter 31.12.2018 <sup>(1)</sup> RM'000	Current Year To-Date 31.12.2019 RM'000	Preceding Year To-Date 31.12.2018 <sup>(1)</sup> RM'000
Interest expense	218	N/A	768	N/A
Amortisation of intangible assets	-	N/A	51	N/A
Depreciation of property, plant and equipment	335	N/A	1,230	N/A
Depreciation of right- of-use assets	223	N/A	1,044	N/A
Allowance for impairment loss on trade and other receivables	1,609	N/A	2,924	N/A
Foreign exchange loss – unrealised (net)	11	N/A	65	N/A
Loss on changes in fair value of investments	-	N/A	6	N/A
Deposit written off Property, plant and equipment written off	-	N/A	2 (2)-	N/A
Bad debt written off	-	N/A	19	N/A
Reversal of impairment losses on trade and other receivables	(1,361)	N/A	(3,214)	N/A
Foreign exchange gain – realised (net)	(1)	N/A	(38)	N/A
Interest income	(298)	N/A	(694)	N/A
Gain on disposal of property, plant and equipment	-	N/A	(80)	N/A

Notes:

(1) There are no comparative figures for the preceding financial year's corresponding quarter and preceding financial year's corresponding period-to-date available as this is the second interim financial report announced by the Company in compliance with the Listing Requirements.

(2) Negligible.

N/A Not applicable

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

**B13 Derivative Financial Instruments**

The Group has not entered into any derivatives as at the date of this interim financial report.