

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 <sup>(2)</sup> RM'000	Current Year To-Date 30.06.2020 RM'000	Preceding Year To-Date 30.06.2019 <sup>(2)</sup> RM'000
Revenue	11,563	N/A	29,832	N/A
Cost of sales	(12,967)	N/A	(25,844)	N/A
Gross (loss)/profit	(1,404)	N/A	3,988	N/A
Other income	807	N/A	1,783	N/A
Administrative and distribution expenses <sup>(3)</sup>	(2,487)	N/A	(10,976)	N/A
Other operating expenses	(5)	N/A	(47)	N/A
Loss from operations	(3,089)	N/A	(5,252)	N/A
Finance costs	(315)	N/A	(576)	N/A
Loss before taxation	(3,404)	N/A	(5,828)	N/A
Taxation	323	N/A	(149)	N/A
<b>Loss for the financial period</b>	<b>(3,081)</b>	<b>N/A</b>	<b>(5,977)</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 difference	28	N/A	97	N/A
<b>Total comprehensive loss for the financial period</b>	<b>(3,053)</b>	<b>N/A</b>	<b>(5,880)</b>	<b>N/A</b>
Loss for the financial period attributable to:				
Owners of the Company	(3,081)	N/A	(5,977)	N/A
Non-controlling interests	(4) <sub>-</sub>	N/A	(4) <sub>-</sub>	N/A
	(3,081)	N/A	(5,977)	N/A
Total comprehensive loss for the financial period attributable to:				
Owners of the Company	(3,053)	N/A	(5,880)	N/A
Non-controlling interests	(4) <sub>-</sub>	N/A	(4) <sub>-</sub>	N/A
	(3,053)	N/A	(5,880)	N/A
Loss per share attributable to owners of the Company (sen) <sup>(5)</sup> :				
Basic / Diluted <sup>(6)</sup>	(0.53)	N/A	(1.05)	N/A

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**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 of the Company for the financial year ended 31 December 2019 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 fourth 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) Administrative and distribution expenses included one-off listing expenses of RM4.2 million charged out to the profit or loss during the first quarter ended 31 March 2020. For illustration purposes only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 <sup>(2)</sup> RM'000	Current Year To-Date 30.06.2020 RM'000	Preceding Year To-Date 30.06.2019 <sup>(2)</sup> RM'000
Loss before taxation	(3,404)	N/A	(5,828)	N/A
Add: Listing expenses	-	N/A	4,240	N/A
Adjusted loss before taxation	(3,404)	N/A	(1,588)	N/A

- (4) Negligible.
- (5) Based on the Company's weighted average number of ordinary shares during the current financial quarter / current financial year to-date.
- (6) Diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities as at 30 June 2020.
- N/A Not applicable

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## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>

	Unaudited As at 30.06.2020 RM'000	Audited As at 31.12.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	11,607	11,835
Right-of-use assets	3,039	2,477
Intangible assets	-	-
Goodwill	495	495
Investments	8	8
	<b>15,149</b>	<b>14,815</b>
<b>Current assets</b>		
Inventories	14,227	11,428
Trade and other receivables	41,694	52,586
Other investments	27,586	-
Tax recoverable	653	297
Deposits, cash and bank balances	13,322	16,456
	<b>97,482</b>	<b>80,767</b>
<b>TOTAL ASSETS</b>	<b>112,631</b>	<b>95,582</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	36,348	14,806
Retained earnings	39,024	45,001
Translation reserve	131	34
	<b>75,503</b>	<b>59,841</b>
Non-controlling interests	<sup>(3)</sup> -	<sup>(3)</sup> -
<b>TOTAL EQUITY</b>	<b>75,503</b>	<b>59,841</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,935	941
Deferred tax liabilities	983	983
	<b>2,918</b>	<b>1,924</b>
<b>Current liabilities</b>		
Trade and other payables	27,755	28,193
Amount due to directors	177	123
Bank borrowings	5,381	4,200
Lease liabilities	744	894
Current tax liabilities	153	407
	<b>34,210</b>	<b>33,817</b>
<b>TOTAL LIABILITIES</b>	<b>37,128</b>	<b>35,741</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>112,631</b>	<b>95,582</b>
Net assets per share (RM) <sup>(2)</sup>	0.13	0.12

**Notes:**

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) Based on the Company's issued share capital as at the end of the financial period / year.

(3) Negligible.

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

	Attributable to owners of the Company					
	Non-distributable		Distributable		Non-controlling Interests	Total
	Share capital	Translation reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	<b>14,806</b>	<b>34</b>	<b>45,001</b>	<b>59,841</b>	<sup>(3)</sup> -	<b>59,841</b>
Loss for the financial period	-	-	(5,977)	(5,977)	<sup>(3)</sup> -	(5,977)
Other comprehensive income for the financial period	-	97	-	97	-	97
<b>Total comprehensive loss</b>	<b>-</b>	<b>97</b>	<b>(5,977)</b>	<b>(5,880)</b>	<sup>(3)</sup> -	<b>(5,880)</b>
<b>Transactions with owners:</b>						
Issuance of shares	21,850	-	-	21,850	-	21,850
Shares issuance expenses	(308)	-	-	(308)	-	(308)
<b>Total transactions with owners</b>	<b>21,542</b>	<b>-</b>	<b>-</b>	<b>21,542</b>	<b>-</b>	<b>21,542</b>
<b>Balance at 30 June 2020</b>	<b>36,348</b>	<b>131</b>	<b>39,204</b>	<b>75,503</b>	<sup>(3)</sup> -	<b>75,503</b>

## Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 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 available as this is the fourth interim financial report announced by the Company in compliance with the Listing Requirements.
- (3) Negligible

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>**

	Cumulative Quarter	
	Current Year To-Date 30.06.2020 RM'000	Preceding Year To-Date 30.06.2019 <sup>(2)</sup> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(5,828)	N/A
Adjustments for:		
Non-cash items	1,233	N/A
Non-operating items	(269)	N/A
Interest expenses	535	N/A
Interest income	(101)	N/A
Income distribution from other investments	(286)	N/A
Operating loss before working capital changes	(4,716)	N/A
Increase in inventories	(2,698)	N/A
Decrease in trade and other receivables	13,584	N/A
Decrease in trade and other payables	(3,504)	N/A
Increase in amount due to directors	54	N/A
Cash used in operations	2,720	N/A
Interest paid	(535)	N/A
Tax paid	(798)	N/A
Tax refund	30	N/A
Net cash generated from operating activities	1,417	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	101	N/A
Income distribution from other investments	286	N/A
Proceeds from disposal of property, plant and equipment	215	N/A
Purchase of other investments	<sup>(3)</sup> (27,586)	N/A
Purchases of property, plant and equipment	(113)	N/A
Purchases of right-of-use assets	(137)	N/A
Net cash used in investing activities	(27,234)	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net finance lease payables repaid	(396)	N/A
Net drawdown of bank borrowings	1,179	N/A
Proceeds from issuance of shares	21,850	N/A
Net cash generated from financing activities	22,633	N/A
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,184)	N/A
Cash and cash equivalents at beginning of the financial period	16,456	N/A
Net exchange differences	50	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>13,322</b>	<b>N/A</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	1,140	N/A
Placement in money market deposits	7,100	N/A
Cash and bank balances	5,082	N/A
	13,322	N/A
Less: Deposits pledged to licensed banks	(748)	N/A
	<b>12,574</b>	<b>N/A</b>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 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 available as this is the fourth interim financial report announced by the Company in compliance with the Listing Requirements.
  - (3) Includes the unutilised proceeds of issuance of shares from the Company's initial public offering ("**IPO**") which have been temporarily invested in a cash management fund.
- N/A Not applicable

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**PART B – 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 fourth interim financial report on the Company’s results for the second quarter ended 30 June 2020 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding financial year’s corresponding financial quarter and preceding financial year’s corresponding period-to-date.

This interim financial report should be read in conjunction with the audited financial statements of Company for the financial year ended 31 December 2019 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 year ended 31 December 2019.

**Application of New MFRSs, IC Interpretations and Amendments to MFRSs**

During the financial year, the Group and the Company have applied the following new MFRSs, IC Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“**MASB**”) which are effective for accounting period beginning on or after 1 January 2020:

Amendments to MFRS 3 - Definition of a Business  
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Change in Accounting Estimates and Error - Definition of Material  
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosure - Interest Rate Benchmark Reform

The adoption of the IC Interpretation and amendments to MFRSs that are effective for the current financial year do not have any significant impact on the Group’s financial statements.

**New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted**

The Group and the Company have not early adopted the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective:

**Effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as current and non-current

**Effective for annual periods beginning on or after 1 January 2023**

MFRS 17, Insurance Contracts

**Effective for annual periods beginning on or after a date to be determined by the MASB**

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between Investor and its Associate or Joint Venture

**A3 Auditors’ Report**

There was no qualification on the audited financial statements of the Company for the financial year ended 31 December 2019.

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

Save for the impact of the COVID-19 pandemic as disclosed in Notes B1, B2 and B3 below, 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**

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities during the current financial quarter and current financial year-to-date under review.

On 22 January 2020, the Company had issued 87,400,000 new ordinary shares ("**Shares**") at an issue price of RM0.25 per Share pursuant to the Company's IPO in conjunction with the listing of the Company on the ACE Market of Bursa Securities. The movement in the Company's issued share capital is illustrated as follows:

	<b>Number of Shares (‘000)</b>	<b>Amount (RM'000)</b>
<b>Issued share capital</b>		
As at 1 January 2020	493,152	14,806
Issuance of new ordinary shares	87,400	21,850
Share issuance expenses	-	(308)
As at 30 June 2020	<u>580,552</u>	<u>36,348</u>

**A8 Dividends Paid**

No dividend has been paid during the current financial quarter.

**A9 Segmental Reporting**

The Group is principally involved in the design, manufacturing and trading of electricity distribution products which comprise low voltage switchboards ("**LV**"), medium voltage switchgears ("**MV**") 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:



## PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

Revenue by geographical location	Individual Quarter				Cumulative Quarter			
	Current Year Quarter		Preceding Year Quarter		Current Year To-Date		Preceding Year To-Date	
	30.06.2020		30.06.2019 <sup>(1)</sup>		30.06.2020		30.06.2019 <sup>(1)</sup>	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	10,416	90.1	N/A	N/A	20,390	68.3	N/A	N/A
Thailand	-	0.0	N/A	N/A	2,955	9.9	N/A	N/A
Bangladesh	-	0.0	N/A	N/A	2,731	9.2	N/A	N/A
Vietnam	867	7.5	N/A	N/A	2,422	8.1	N/A	N/A
Indonesia	280	2.4	N/A	N/A	1,334	4.5	N/A	N/A
<b>Total</b>	<b>11,563</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>29,832</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>

Note:

(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 fourth interim financial report announced by the Company in compliance with the Listing Requirements.

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**

There were no 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 save for the following: -

On 17 June 2020, Powerwell International Sdn Bhd and Kejuruteraan Powerwell Sdn Bhd, both wholly-owned subsidiaries of the Company, had incorporated a wholly-owned new subsidiary company known as PT Powerwell Listrik Indonesia. As a result, Powerwell International Sdn Bhd and Kejuruteraan Powerwell Sdn Bhd each holds 50% equity interest in PT Powerwell Listrik Indonesia respectively.

**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 of the Company dated 2 January 2020 in relation to the Company's IPO ("**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.

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

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**A15 Significant Related Party Transactions**

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

**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 30 June 2020**

The Group recorded a revenue of RM11.6 million and loss before taxation of RM3.4 million respectively for the current financial quarter ended 30 June 2020.

For the current financial quarter, 90.1% of the Group's revenue was derived from customers located in Malaysia, followed by Vietnam (7.5%) and Indonesia (2.4%). The Group recorded gross loss margin of 12.1% in current financial quarter due to lower revenue as a result of the COVID-19 pandemic while fixed overhead costs continued to be incurred.

During the current financial quarter, the Group has undertaken 71 projects for the LV segment and 6 projects for the MV segment. The average project value is RM0.09 million for the LV segment projects and RM0.85 million for the MV segment projects.

There are no comparative figures for the preceding financial year's corresponding quarter as this is the fourth interim financial report announced by the Company in compliance with the Listing Requirements.

**Financial performance for financial year-to-date**

For the financial year-to-date, the Group recorded a revenue of RM29.8 million and loss before taxation of RM5.8 million. The Group incurred one-off listing expenses totalling RM4.5 million of which RM4.2 million were charged out to the profit or loss during the first quarter ended 31 March 2020. In this regard, loss before tax excluding the listing expenses would be RM1.6 million in the financial year-to-date.

Sales to customers in Malaysia contributed 68.3% to the Group's revenue, followed by Thailand (9.9%), Bangladesh (9.2%), Vietnam (8.1%) and Indonesia (4.5%). The Group's gross profit margin for the financial year-to-date was 13.4%.

For the financial year-to-date, the Group has undertaken 169 projects for the LV segment and 9 projects for the MV segment. The average project value is RM0.14 million for the LV segment projects and RM0.61 million for the MV segment projects.

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

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**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****B2 Comparison with Immediate Preceding Quarter**

	<b>Individual Quarter 3-month ended</b>		<b>Changes</b>	
	<b>30.06.2020</b>	<b>31.03.2020</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	11,563	18,269	(6,706)	(36.7)
Loss before taxation	(3,404)	(2,425)	(979)	(40.4)

The Group's revenue for the current financial quarter decreased by 36.7% to RM11.6 million from RM18.3 million recorded in the preceding quarter. The decrease in revenue was mainly due to a decrease in the number of projects from 101 in the preceding quarter to 77 in the current quarter. The decrease in number of projects was due to lower number of projects delivered as a result of the disruption to businesses in the local and oversea markets due to the COVID-19 pandemic.

The Group recorded a 40.4% increase in loss before taxation from RM2.4 million in the preceding quarter to RM3.4 million in the current financial quarter. The increase in the loss before taxation was mainly due to the lower revenue as mentioned above.

**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.

The Group had a challenging start in 2020 due to the outbreak of the COVID-19 pandemic which led to the implementation of social distancing measures in various countries across the world, including Malaysia and Vietnam, the 2 countries which the Group operate in. In turn, this has led to temporary suspension of the Groups' factories in Malaysia and Vietnam. As a result, the Group's financial performance for the current quarter was negatively impacted.

However, with the gradual lifting of social distancing measures, the Group's Malaysian and Vietnam operations fully resumed on 4 May 2020 and 24 April 2020 respectively. Further, the Group has implemented various measures to ensure minimal disruptions to its project timeline, payments as well as business operations. Moving forward, the Group believes that its business will continue to sustain in Malaysia and Vietnam for this financial year. This is because a number of the clients' projects are infrastructure-related, including MRT, LRT and wastewater treatment facilities which are expected to continue. Further, relative to other parts of the world, the Malaysian and Vietnamese Government have been successful in controlling the spread of COVID-19.

Premised on the above and barring unforeseen circumstances, the Board of Directors expect the Group's financial performance to be lower for this financial year considering the uncertain times we are in.

**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT****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 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 <sup>(1)</sup> RM'000	Current Year To-Date 30.06.2020 RM'000	Preceding Year To-Date 30.06.2019 <sup>(1)</sup> RM'000
Income tax	(323)	N/A	149	N/A
Deferred tax	-	N/A	-	N/A
	(323)	N/A	149	N/A
Effective tax rate	<sup>(2)</sup> 9.5%	N/A	<sup>(3)</sup> (2.6%)	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 fourth interim financial report announced by the Company in compliance with the Listing Requirements.
- (2) The reversal of income tax expenses of the Group is due to the overprovision of income tax expenses caused by business losses in the current financial quarter.
- (3) The negative effective tax rate of the Group for the current financial year-to-date was due to a loss before taxation of RM5.8 million which included one-off listing expenses of RM4.2 million.

N/A Not applicable

**B6 Status of Corporate Proposals**

There are no 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 RM'000	Actual utilisation as at 30 June 2020 RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation upon listing
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	<sup>(1)</sup> (4,100)	-	Upon listing
<b>Total</b>	<b>21,850</b>	<b>(4,100)</b>	<b>17,750</b>	

**PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**Note:

- (1) The actual listing expenses incurred amounted to RM4.5 million, As disclosed in the Prospectus, the balance of RM0.4 million were financed via the Group's internally generated funds.

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

**B8 Borrowings**

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

	Currency	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
<b><u>Secured</u></b>			
<b>Non-current liabilities</b>			
Lease liabilities	Ringgit Malaysia	1,273	618
		<u>1,273</u>	<u>618</u>
<b>Current liabilities</b>			
Lease liabilities	Ringgit Malaysia	326	259
Banker's acceptance <sup>(1)</sup>	Ringgit Malaysia	5,130	4,200
Revolving credit	Vietnamese Dong	251	-
		<u>5,707</u>	<u>4,459</u>
<b><u>Unsecured</u></b>			
<b>Non-current liabilities</b>			
Lease liabilities	Vietnamese Dong	413	-
Lease liabilities	Ringgit Malaysia	249	323
		<u>662</u>	<u>323</u>
<b>Current liabilities</b>			
Lease liabilities	Vietnamese Dong	40	167
Lease liabilities	Ringgit Malaysia	378	468
		<u>418</u>	<u>635</u>
<b>Total borrowings</b>		<b><u>8,060</u></b>	<b><u>6,035</u></b>

Note:

- (1) The Group utilised 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 30.06.2020	Preceding Year Quarter 30.06.2019 <sup>(1)</sup>	Current Year To-Date 30.06.2020	Preceding Year To-Date 30.06.2019 <sup>(1)</sup>
Loss for the financial period attributable to owners of the Company (RM'000)	(3,081)	N/A	(5,977)	N/A
Weighted average number of ordinary shares in issue ('000)	580,522	N/A	569,987	N/A
Basic loss per share (sen) <sup>(2)</sup>	(0.53)	N/A	(1.05)	N/A
Diluted loss per share (sen) <sup>(3)</sup>	(0.53)	N/A	(1.05)	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 fourth interim financial report announced by the Company in compliance with the Listing Requirements.
- (2) The basic loss per share is computed based on the loss 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 loss per share is equivalent to the basic loss per share as the Company does not have any convertible securities as at 30 June 2020.

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 30.06.2020 RM'000	Preceding Year Quarter 30.06.2019 <sup>(1)</sup> RM'000	Current Year To-Date 30.06.2020 RM'000	Preceding Year To-Date 30.06.2019 <sup>(1)</sup> RM'000
Interest expenses	315	N/A	535	N/A
Depreciation of property, plant and equipment	299	N/A	575	N/A
Depreciation of right- of-use assets	322	N/A	637	N/A
Allowance for impairment loss on trade and other receivables	188	N/A	968	N/A
Foreign exchange gain – unrealised (net)	(55)	N/A	(125)	N/A
Reversal of impairment losses on trade and other receivables	(360)	N/A	(822)	N/A
Foreign exchange loss – realised (net)	1	N/A	81	N/A
Interest income	(72)	N/A	(101)	N/A
Income distribution from other investment	(164)	N/A	(286)	N/A
Gain on disposal of property, plant and equipment	-	N/A	(215)	N/A
Gain on derecognition of right-of-use assets	(54)	N/A	(54)	N/A
Listing expenses	-	N/A	4,240	N/A

Note:

(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 fourth interim financial report announced by the Company in compliance with the Listing Requirements.

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.