

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To-Date 30.09.2020 RM'000	Preceding Year To-Date 30.09.2019 RM'000
Revenue	25,363	26,847	55,195	66,374
Cost of sales	(20,744)	(17,463)	(46,588)	(47,695)
Gross profit	4,619	9,384	8,607	18,679
Other income	877	1,418	2,619	3,145
Administrative and distribution expenses ⁽²⁾	(2,971)	(3,453)	(13,947)	(10,429)
Other operating expenses	(6)	(30)	(53)	(98)
Profit/(Loss) from operations	2,519	7,319	(2,774)	11,297
Finance costs	(263)	(228)	(798)	(550)
Profit/(Loss) before taxation	2,256	7,091	(3,572)	10,747
Taxation	(625)	(1,850)	(774)	(3,012)
Profit/(Loss) for the financial period	1,631	5,241	(4,346)	7,735
Other comprehensive (loss)/income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	(52)	34	45	33
Total comprehensive income/(loss) for the financial period	1,579	5,275	(4,301)	7,768
Profit/(Loss) for the financial period attributable to:				
Owners of the Company	1,632	5,241	(4,345)	7,736
Non-controlling interests	(1)	-	(1)	(1)
	1,631	5,241	(4,346)	7,735
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	1,580	5,275	(4,300)	7,769
Non-controlling interests	(1)	-	(1)	(1)
	1,579	5,275	(4,301)	7,768
Earnings/(Loss) per share attributable to owners of the Company (sen) ⁽³⁾ :				
Basic / Diluted ⁽⁴⁾	0.28	1.06	(0.76)	1.57

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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) 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 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To-Date 30.09.2020 RM'000	Preceding Year To-Date 30.09.2019 RM'000
Profit/(Loss) before taxation	2,256	7,091	(3,572)	10,747
Add: Listing expenses	-	-	4,240	-
Adjusted profit before taxation	2,256	7,091	668	10,747

- (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/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company does not have any convertible securities as at 30 September 2020.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾**

	Unaudited As at 30.09.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,878	11,835
Right-of-use assets	2,837	2,477
Goodwill	495	495
Investments	8	8
	15,218	14,815
Current assets		
Inventories	14,622	11,428
Trade and other receivables	47,897	52,586
Other investments	28,709	-
Tax recoverable	148	297
Deposits, cash and bank balances	9,824	16,456
	101,200	80,767
TOTAL ASSETS	116,418	95,582
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	14,806
Retained earnings	40,656	45,001
Translation reserve	79	34
	77,083	59,841
Non-controlling interests	(1)	⁽³⁾ -
TOTAL EQUITY	77,082	59,841
Non-current liabilities		
Lease liabilities	1,690	941
Deferred tax liabilities	983	983
	2,673	1,924
Current liabilities		
Trade and other payables	32,098	28,193
Amount due to directors	26	123
Bank borrowings	3,366	4,200
Lease liabilities	902	894
Current tax liabilities	271	407
	36,663	33,817
TOTAL LIABILITIES	39,336	35,741
TOTAL EQUITY AND LIABILITIES	116,418	95,582
Net assets per share (RM) ⁽²⁾	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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	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
At 1 January 2020	14,806	34	45,001	59,841	(2)	59,841
Loss for the financial period	-	-	(4,345)	(4,345)	(1)	(4,346)
Other comprehensive income for the financial period	-	45	-	45	-	45
Total comprehensive loss	-	45	(4,345)	(4,300)	(1)	(4,301)
Transactions with owners:						
Issuance of shares	21,850	-	-	21,850	-	21,850
Shares issuance expenses	(308)	-	-	(308)	-	(308)
Total transactions with owners	21,542	-	-	21,542	-	21,542
Balance at 30 September 2020	36,348	79	40,656	77,083	(1)	77,082

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (Cont'd)

	Attributable to owners of the Company			Total	Non-controlling Interests	Total
	Non-distributable		Distributable			
	Share capital	Translation reserve	Retained earnings			
RM'000	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	-	-	7,736	7,736	(1)	7,735
Other comprehensive income for the financial period	-	33	-	33	-	33
Total comprehensive income	-	33	7,736	7,769	(1)	7,768
Balance at 30 September 2019	14,806	82	43,615	58,503	1	58,504

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) Negligible

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾**

	Cumulative Quarter	
	Current Year To-Date 30.09.2020 RM'000	Preceding Year To-Date 30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(3,572)	10,747
Adjustments for:		
Non-cash items	1,953	1,304
Non-operating items	(269)	6
Interest expenses	798	550
Interest income	(304)	(396)
Income distribution from other investments	(461)	-
Operating (loss)/profit before working capital changes	<u>(1,855)</u>	<u>12,211</u>
Increase in inventories	(3,163)	(365)
Decrease/(Increase) in trade and other receivables	7,333	(4,030)
Increase/(Decrease) in trade and other payables	912	(6,533)
Decrease in amount due to directors	(97)	(27)
Cash generated from operations	<u>3,130</u>	<u>1,256</u>
Interest paid	(798)	(550)
Tax paid	(798)	(4,194)
Tax refund	30	874
Net cash generated from/(used in) operating activities	<u>1,564</u>	<u>(2,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	304	396
Income distribution from other investments	461	-
Proceeds from disposal of property, plant and equipment	215	-
Purchase of other investments	⁽²⁾ (28,711)	-
Purchases of property, plant and equipment	(676)	(202)
Purchases of right-of-use assets	(143)	-
Net cash (used in)/generated from investing activities	<u>(28,550)</u>	<u>194</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net lease liabilities repaid	(589)	(1,567)
Net (repayment)/drawdown of bank borrowings	(829)	632
Proceeds from issuance of shares	21,850	-
Net cash generated from/(used in) financing activities	<u>20,432</u>	<u>(935)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,554)	(3,355)
Cash and cash equivalents at beginning of the financial period	16,456	17,861
Net exchange differences	(78)	174
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>9,824</u>	<u>14,680</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	728	7,342
Placement in money market deposits	250	1,000
Cash and bank balances	<u>8,846</u>	<u>6,338</u>
	9,824	14,680
Less: Deposits pledged to licensed banks	(728)	(732)
	<u>9,096</u>	<u>13,948</u>

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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) 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.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

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 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.

The Company has changed its financial year end from 31 December to 31 March. The next audited financial statements shall be for a period of 15 months from 1 January 2020 to 31 March 2021 and thereafter the financial year end shall fall on 31 March for each subsequent year.

PART A – 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 this interim financial report, 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:

	Number of Shares (‘000)	Amount (RM'000)
Issued share capital		
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 September 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 A – 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	
	30.09.2020		30.09.2019		30.09.2020		30.09.2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	20,109	79.3	22,998	85.7	40,499	73.4	54,799	82.6
Thailand	256	1.0	-	-	3,211	5.8	-	-
Bangladesh	-	-	-	-	2,731	4.9	-	-
Vietnam	388	1.5	2,043	7.6	2,810	5.1	4,752	7.1
Indonesia	4,610	18.2	1,666	6.2	5,944	10.8	5,626	8.5
Others ⁽¹⁾	-	-	140	0.5	-	-	1,197	1.8
Total	25,363	100.0	26,847	100.0	55,195	100.0	66,374	100.0

Note:

(1) Others include Cambodia, Singapore and Australia.

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 jointly incorporated a new subsidiary company known as PT Powerwell Listrik Indonesia, wholly-owned by the Group. 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.

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PART A – EXPLANATORY NOTES TO THE 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.

Save 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.

Comparison with Preceding Year Corresponding Financial Quarter

	Individual Quarter		Cumulative Quarter	
	3-month ended		9-month ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	25,363	26,847	55,195	66,374
Profit/(Loss) before taxation	2,256	7,091	(3,572)	10,747

The Group recorded a revenue of RM25.4 million and profit before taxation of RM2.3 million in the current financial quarter under review, compared to a revenue and profit of taxation of RM26.8 million and RM7.1 million respectively in the corresponding financial quarter of the preceding year. The decrease in revenue and profit before taxation was mainly due to lower number of projects delivered and lower average project value for the projects undertaken in current financial quarter.

The Group recorded a lower revenue of RM55.2 million and loss before taxation of RM3.6 million in the 9-month period of the current financial year, compared to a revenue and profit before taxation of RM66.4 million and RM10.7 million in the corresponding 9-month period of the preceding year. The decrease in revenue and profit before taxation was mainly due to lower number of projects delivered while fixed costs such as factory overheads and labour costs continued to be incurred, as a result of the COVID-19 pandemic. The Group had also 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, profit before tax excluding the listing expenses would be RM0.6 million in the 9-month period of the current financial year.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter		Changes
	3-month ended		
	30.09.2020	30.06.2020	
	RM'000	RM'000	RM'000
Revenue	25,363	11,563	13,800
Profit/(Loss) before taxation	2,256	(3,404)	5,660

The Group's revenue for the current financial quarter increased by 119.3% to RM25.4 million from RM11.6 million recorded in the preceding quarter. The increase in revenue was mainly due to higher number of projects delivered and increase in average project value as compared to preceding quarter.

The Group recorded a profit before taxation of RM2.3 million in the current financial quarter as compared to a loss before taxation of RM3.4 million in the preceding quarter, mainly due to the higher revenue as mentioned above. Besides that, pursuant to the gradual lifting of social distancing measures in Malaysia and Vietnam in the preceding quarter, the Group was able to resume its normal factory operations in Malaysia and Vietnam throughout the current financial quarter.

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

As disclosed in the Prospectus, the Group has adopted the following business strategies for its future growth:

- (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 operates in. This, in turn, had led to a period of temporary suspension of the Group's factory operations in Malaysia and Vietnam in the preceding financial quarter, which negatively impacted the Group's financial performance for the said quarter, and delayed the implementation of the Group's business strategies mentioned above.

However, with the gradual lifting of social distancing measures, the Group fully resumed its operations in Malaysia and Vietnam 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. As a result, the Group recorded better financial performance in the current financial quarter vis-à-vis the preceding financial quarter.

Premised on the above and barring unforeseen circumstances, the Board of Directors expect the Group's financial performance for the current financial year to be weaker when compared to the preceding financial year, given the uncertain times we are in.

B4 Profit Forecast

Not applicable as no profit forecast was issued.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To-Date 30.09.2020 RM'000	Preceding Year To-Date 30.09.2019 RM'000
Income tax	625	1,845	774	3,007
Deferred tax	-	5	-	5
	625	1,850	774	3,012
Effective tax rate	(1)27.7%	(1)26.1%	(2)(21.7%)	(1)28.0%

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORTNotes:

- (1) The effective tax rate of the Group was higher than statutory tax rate mainly due to non-deductible expenses.
- (2) The negative effective tax rate of the Group for the current financial year-to-date was due to the loss before taxation of RM3.6 million which included one-off listing expenses of RM4.2 million.

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 30.09.2020 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	⁽¹⁾ (4,100)	-	Upon listing
Total	21,850	(4,100)	17,750	

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.

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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:

	Currency	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	1,276	618
		<u>1,276</u>	<u>618</u>
Current liabilities			
Lease liabilities	Ringgit Malaysia	357	259
Banker's acceptance ⁽¹⁾	Ringgit Malaysia	3,110	4,200
Revolving credit	Vietnamese Dong	256	-
		<u>3,723</u>	<u>4,459</u>
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Vietnamese Dong	382	-
Lease liabilities	Ringgit Malaysia	32	323
		<u>414</u>	<u>323</u>
Current liabilities			
Lease liabilities	Vietnamese Dong	53	167
Lease liabilities	Ringgit Malaysia	492	468
		<u>545</u>	<u>635</u>
Total borrowings		<u>5,958</u>	<u>6,035</u>

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 30.09.2020	Preceding Year Quarter 30.09.2019	Current Year To-Date 30.09.2020	Preceding Year To-Date 30.09.2019
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	1,632	5,241	(4,345)	7,736
Weighted average number of ordinary shares in issue ('000)	580,522	493,152	573,534	493,152
Basic earnings/(loss) per share (sen) ⁽¹⁾	0.28	1.06	(0.76)	1.57
Diluted earnings/(loss) per share (sen) ⁽²⁾	0.28	1.06	(0.76)	1.57

Notes:

- (1) The basic earnings/(loss) per share is computed based on the profit/(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 financial quarter / financial year to-date.
- (2) Diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company does not have any convertible securities as at 30 September 2020.

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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 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To-Date 30.09.2020 RM'000	Preceding Year To-Date 30.09.2019 RM'000
Interest expenses	263	228	798	550
Amortisation of intangible assets	-	-	-	51
Depreciation of property, plant and equipment	302	293	877	895
Depreciation of right- of-use assets	304	267	941	821
Allowance for impairment loss on trade and other receivables	122	334	1,090	1,315
Foreign exchange loss/(gain) – unrealised (net)	103	104	(22)	54
Loss on changes in fair value of investments	-	6	-	6
Loss on changes in fair value of other investments	2	-	2	-
Deposit written off Property, plant and equipment written off	-	2	-	2
Bad debt written off	-	-	-	(1)-
Reversal of impairment losses on trade and other receivables	-	19	-	19
Foreign exchange gain – realised (net)	(113)	(471)	(935)	(1,853)
Interest income	(242)	(96)	(161)	(37)
Income distribution from other investment	(203)	(159)	(304)	(396)
Gain on disposal of property, plant and equipment	(175)	-	(461)	-
Gain on derecognition of right-of-use assets	-	-	(215)	(80)
Listing expenses	-	-	(54)	-
	-	-	4,240	-

Note:

(1) Negligible

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

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

B13 Derivative Financial Instruments

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

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