

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Quarter 31.12.2019 RM'000	Current Year To-Date 31.12.2020 RM'000	Preceding Year To-Date 31.12.2019 RM'000
Revenue	24,544	21,758	79,739	88,132
Cost of sales	(20,106)	(16,056)	(66,694)	(63,751)
Gross profit	4,438	5,702	13,045	24,381
Other income	260	270	2,879	3,415
Administrative and distribution expenses ⁽²⁾	⁽⁵⁾ (3,759)	⁽⁵⁾ (2,667)	⁽⁵⁾ (16,668)	⁽⁵⁾ (11,779)
Other operating expenses	⁽⁵⁾ (774)	⁽⁵⁾ (708)	⁽⁵⁾ (1,865)	⁽⁵⁾ (2,123)
Profit/(Loss) from operations	165	2,597	(2,609)	13,894
Finance costs	(37)	(231)	(835)	(781)
Profit/(Loss) before taxation	128	2,366	(3,444)	13,113
Taxation	(690)	(981)	(1,464)	(3,993)
(Loss)/Profit for the financial period	(562)	1,385	(4,908)	9,120
Other comprehensive (loss)/income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	(19)	(48)	26	(15)
Total comprehensive (loss)/income for the financial period	(581)	1,337	(4,882)	9,105
(Loss)/Profit for the financial period attributable to:				
Owners of the Company	(561)	1,386	(4,906)	9,122
Non-controlling interests	(1)	(1)	(2)	(2)
	(562)	1,385	(4,908)	9,120
Total comprehensive (loss)/income for the financial period attributable to:				
Owners of the Company	(580)	1,338	(4,880)	9,107
Non-controlling interests	(1)	(1)	(2)	(2)
	(581)	1,337	(4,882)	9,105
(Loss)/Earnings per share attributable to owners of the Company (sen) ⁽³⁾ :				
Basic / Diluted ⁽⁴⁾	(0.10)	0.28	(0.85)	1.85

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	Preceding	Current Year	Preceding
	Quarter	Year	To-Date	Year
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	128	2,366	(3,444)	13,113
Add: Listing expenses	-	-	4,240	-
Adjusted profit before taxation	<u>128</u>	<u>2,366</u>	<u>796</u>	<u>13,113</u>

- (3) Based on the Company's weighted average number of ordinary shares during the current financial quarter / current financial year to-date.
- (4) Diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as the Company does not have any convertible securities as at 31 December 2020.
- (5) Certain figures of the previous quarter(s) and preceding financial year have been reclassified to conform with the presentation of the current quarter.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾**

	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,655	11,835
Right-of-use assets	3,584	2,477
Goodwill	495	495
Investments	8	8
	<u>15,742</u>	<u>14,815</u>
Current assets		
Inventories	13,112	11,428
Trade and other receivables	46,627	52,586
Other investments	28,646	-
Tax recoverable	2,598	297
Deposits, cash and bank balances	6,982	16,456
	<u>97,965</u>	<u>80,767</u>
TOTAL ASSETS	<u>113,707</u>	<u>95,582</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	14,806
Retained earnings	40,095	45,001
Translation reserve	60	34
	<u>76,503</u>	<u>59,841</u>
Non-controlling interests	(2)	(3) -
TOTAL EQUITY	<u>76,501</u>	<u>59,841</u>
Non-current liabilities		
Lease liabilities	2,312	941
Deferred tax liabilities	983	983
	<u>3,295</u>	<u>1,924</u>
Current liabilities		
Trade and other payables	30,697	28,193
Amount due to directors	29	123
Bank borrowings	2,213	4,200
Lease liabilities	921	894
Current tax liabilities	51	407
	<u>33,911</u>	<u>33,817</u>
TOTAL LIABILITIES	<u>37,206</u>	<u>35,741</u>
TOTAL EQUITY AND LIABILITIES	<u>113,707</u>	<u>95,582</u>
Net assets per share (RM) ⁽²⁾	<u>0.13</u>	<u>0.12</u>

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the Company			Non-controlling interests RM'000	Total RM'000
	Non-distributable	Distributable			
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000		
At 1 January 2020	14,806	34	45,001	⁽²⁾ -	59,841
Loss for the financial period	-	-	(4,906)	(2)	(4,908)
Other comprehensive income for the financial period	-	26	-	-	26
Total comprehensive income/(loss)	-	26	(4,906)	(2)	(4,882)
Transactions with owners:					
Issuance of shares	21,850	-	-	-	21,850
Share issuance expenses	(308)	-	-	-	(308)
	21,542	-	-	-	21,542
Balance at 31 December 2020	36,348	60	40,095	(2)	76,501

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

	Attributable to owners of the Company			Total RM'000	Non- controlling interests RM'000	Total RM'000
	Non-distributable	Distributable				
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000			
At 1 January 2019	14,806	49	35,879	50,734	2	50,736
Profit for the financial period	-	-	9,122	9,122	(2)	9,120
Other comprehensive loss for the financial period	-	(15)	-	(15)	-	(15)
Total comprehensive (loss)/income	-	(15)	9,122	9,107	(2)	9,105
Balance at 31 December 2019	14,806	34	45,001	59,841	(2) -	59,841

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 FOURTH QUARTER ENDED 31 DECEMBER 2020**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾**

	Cumulative Quarter	
	Current Year	Preceding Year
	To-Date	To-Date
	31.12.2020	31.12.2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(3,444)	13,113
Adjustments for:		
Non-cash items	3,540	3,093
Non-operating items	(269)	(85)
Interest expenses	835	781
Interest income	(312)	(287)
Income distribution from other investments	(603)	-
Operating (loss)/profit before working capital changes	(253)	16,615
(Increase)/Decrease in inventories	(1,739)	938
Decrease/(Increase) in trade and other receivables	7,755	(8,657)
Decrease in trade and other payables	(473)	(8,476)
Decrease in amount due to directors	(94)	(33)
Cash generated from operations	5,196	387
Interest paid	(835)	(781)
Tax paid	(4,151)	(5,196)
Tax refund	30	1,465
Net cash generated from/(used in) operating activities	240	(4,125)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	312	285
Proceeds from disposal of property, plant and equipment	215	80
Net placements of other investments	⁽²⁾ (28,048)	-
Purchases of property, plant and equipment	(784)	(230)
Purchases of right-of-use assets	(64)	(436)
Net cash used in investing activities	(28,369)	(301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net lease liabilities repaid	(1,167)	(911)
Net (repayment)/drawdown of bank borrowings	(1,981)	3,993
Proceeds from issuance of shares	21,850	-
Net cash generated from financing activities	18,702	3,082
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(9,427)	(1,344)
Cash and cash equivalents at beginning of the financial period	16,456	17,861
Net exchange differences	(47)	(61)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	6,982	16,456
Cash and cash equivalents comprise:		
Deposits with licensed banks	707	7,330
Placement in money market deposits	500	4,372
Cash and bank balances	5,775	4,754
	6,982	16,456
Less: Deposits pledged to licensed banks	(707)	(720)
	6,275	15,736

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 June 2020

Amendments to MFRS 16 Leases – Covid-19 – Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 - Reference to the Conceptual Framework
Amendments to MFRS 116 - Proceeds before intended use
Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs Classified as “Annual Improvements to MFRS Standards 2018 - 2020 Cycle”:

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 9, Financial Instruments
- Amendments to MFRS 16, Leases
- Amendments to MFRS 141, Agriculture

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, Insurance Contracts
Amendments to MFRS 17, Insurance Contracts
Amendments to MFRS 4, Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as current and non-current

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

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.

A4 Seasonal and Cyclical Factors

The demand for the Group's products is dependent on developments in the construction, infrastructure and transportation sectors in Malaysia and in other overseas countries as the Group supplies its products for new developments and refurbishment of properties and infrastructures. The sectors mentioned above typically move in tandem with the economy, where strong economic growth coupled with fiscal stimulus by the Government tends to spur growth in the sectors 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 31 December 2020	<u>580,552</u>	<u>36,348</u>

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 (“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:

Revenue by geographical location	Individual Quarter				Cumulative Quarter			
	Current Year Quarter		Preceding Year Quarter		Current Year To-Date		Preceding Year To-Date	
	31.12.2020		31.12.2019		31.12.2020		31.12.2019	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Malaysia ⁽²⁾	17,719	72.2	19,249	88.5	58,218	73.0	74,048	84.0
Thailand	2,341	9.5	-	-	5,552	7.0	-	-
Bangladesh	1	-	-	-	2,732	3.4	-	-
Vietnam ⁽²⁾	693	2.8	2,000	9.2	3,503	4.4	6,752	7.7
Indonesia	3,358	13.7	509	2.3	9,302	11.7	6,135	7.0
Others ⁽¹⁾	432	1.8	-	-	432	0.5	1,197	1.3
Total	24,544	100.0	21,758	100.0	79,739	100.0	88,132	100.0

Note:

(1) Others include Brunei, Philippines, Pakistan, Cambodia, Singapore and Australia

(2) The Group’s factory operations in Malaysia and Vietnam were temporarily suspended during the lockdown periods between March 2020 and April 2020, as imposed in respective countries

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.

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		12-month ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	24,544	21,758	79,739	88,132
Profit/(Loss) before taxation	128	2,366	(3,444)	13,113

In the current financial quarter under review, the Group recorded a revenue of RM24.5 million and profit before taxation of RM0.1 million, as compared to a revenue and profit before taxation of RM21.8 million and RM2.4 million respectively in the corresponding financial quarter of the preceding year.

The increase in revenue in the current financial quarter was mainly attributed to higher sales from major projects (i.e. MRT 2, TRX mall) undertaken by the Group during the period. Profit before taxation in current financial quarter was lower mainly due to lower profitability in some projects, higher raw material price (i.e. copper price) compounded by depreciation of RM/USD, higher costs incurred on sub-contractor works, higher site management fees or site installation fees and higher net impairment loss on trade receivable.

In the 12-month period of the current financial period, the Group recorded a revenue of RM79.7 million and loss before taxation of RM3.4 million, as compared to a revenue and profit before taxation of RM88.1 million and RM13.1 million respectively in the preceding year period.

The decrease in revenue in the 12-month period ended 31 December 2020 as compared to the previous year's corresponding period was mainly due to lower number of projects delivered. The Group's operations in year 2020 was affected by the COVID-19 pandemic lockdown measures implemented in Malaysia and other countries where the Group operates in. The construction, infrastructure and transportation sectors were affected by delays in re-opening of the sites which subsequently affected project deliveries and sales. Geopolitical situation, deterioration in business economic environment and closure of international borders have also resulted in temporary suspension of project activities in the overseas countries where the Group operates in, causing revenue to decline in some of these geographical segments.

The Group recorded a loss before taxation for the 12-month period ended 31 December 2020 as compared to a profit before taxation during the previous year's corresponding period mainly due to lower revenue recorded, lower profitability in some of its projects, higher fixed costs such as labour costs and factory overheads as well as higher site management fees or site installation fees. The Group had also incurred one-off listing expenses totalling RM4.5 million of which RM4.2 million were charged out to the profit and loss during the first quarter ended 31 March 2020. Excluding the one-off listing expenses, the adjusted profit before taxation would be RM0.8 million in the 12-month period of the current financial year.

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

	Individual Quarter		Changes
	3-month ended		
	31.12.2020	30.09.2020	
	(RM'000)	(RM'000)	
Revenue	24,544	25,363	(819)
Profit before taxation	128	2,256	(2,128)

The Group's revenue for the current financial quarter decreased by 3.2% to RM24.5 million from RM25.3 million recorded in the preceding quarter. The decrease in revenue was mainly due to lower number of projects delivered as compared to the preceding quarter.

The Group recorded a profit before taxation of RM0.1 million in the current financial quarter as compared to profit before taxation of RM2.3 million in the preceding quarter. The profit before taxation declined mainly due to higher site management fees or site installation fees as well as higher impairment loss on trade receivables.

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 its 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 COVID-19 pandemic in 2020 has disrupted global supply chain and production, with worldwide closures of countries international borders. Lockdown measures and deterioration of global economies created severe recessions in countries, including Malaysia, which had a challenging year including changes in the country political climate.

To protect the health and safety of employees, the Group has taken swift actions to mobilise the necessary resources as well as apply strict standard operating procedures (SOPs) recommended by the health authorities. This was to ensure minimal disruptions to its project timeline, payments as well as business operations.

With the recent surge of COVID-19 cases in Malaysia, Movement Control Order (MCO) 2.0 was imposed from 13 January 2021 on most states in Malaysia by the Malaysian government. As a result, project activities at construction sites have slowed down and ports congestion has disrupted the supply of raw materials which in turn has affected the Group's production schedule. This is expected to impact the Group operations in the 5th financial quarter for the 15-month period ending 31 March 2021. Premised on the above and barring unforeseen circumstances, the Board of Directors expect the Group's financial performance for the 5th quarter to be weaker when compared to the current quarter.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B3 Commentary on Prospects (Cont'd)**

Nonetheless, as various countries roll out their vaccination programmes and the global economy is expected to gradually recover in 2021, the Group is cautiously optimistic of its prospects in the calendar year 2021 and is stepping up the pace of its projects pipeline and sales activities including expanding its trading business in Indonesia.

B4 Profit Forecast

Not applicable as no profit forecast was issued.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Quarter 31.12.2019 RM'000	Current Year To-Date 31.12.2020 RM'000	Preceding Year To-Date 31.12.2019 RM'000
Income tax	690	1,045	1,464	4,052
Deferred tax	-	(64)	-	(59)
	<u>690</u>	<u>981</u>	<u>1,464</u>	<u>3,993</u>
Effective tax rate	⁽¹⁾ 539.1%	⁽¹⁾ 41.5%	⁽²⁾ (42.5)%	⁽¹⁾ 30.5%

Notes:

- (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 RM3.4 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.

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PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B7 Utilisation of Proceeds Raised from Public Issue**

The status of utilisation of proceeds from the Public Issue amounting to RM21.85 million is set out as follows:

Details of utilisation	Proposed utilisation RM'000	Actual utilisation as at 31.12.2020 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
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 31.12.2020 RM'000	As at 31.12.2019 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	1,197	618
		<u>1,197</u>	<u>618</u>
Current liabilities			
Lease liabilities	Ringgit Malaysia	338	259
Banker's acceptance ⁽¹⁾	Ringgit Malaysia	2,057	4,200
Revolving credit	Vietnamese Dong	156	-
		<u>2,551</u>	<u>4,459</u>
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Vietnamese Dong	597	-
Lease liabilities	Ringgit Malaysia	518	323
		<u>1,115</u>	<u>323</u>
Current liabilities			
Lease liabilities	Vietnamese Dong	425	167
Lease liabilities	Ringgit Malaysia	158	468
		<u>583</u>	<u>635</u>
Total borrowings		<u>5,446</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:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u> <u>31.12.2020</u>	<u>Preceding Year Quarter</u> <u>31.12.2019</u>	<u>Current Year To-Date</u> <u>31.12.2020</u>	<u>Preceding Year To-Date</u> <u>31.12.2019</u>
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)	(561)	1,386	(4,906)	9,122
Weighted average number of ordinary shares in issue ('000)	580,552	493,152	575,298	493,152
Basic (loss)/earnings per share(sen) ⁽¹⁾	(0.10)	0.28	(0.85)	1.85
Diluted (loss)/earnings per share (sen) ⁽²⁾	(0.10)	0.28	(0.85)	1.85

Notes:

- (1) The basic (loss)/earnings per share is computed based on the (loss)/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 financial quarter / financial year to-date.
- (2) Diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as the Company does not have any convertible securities as at 31 December 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/(Loss) before taxation is arrived at after charging / (crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Quarter 31.12.2019 RM'000	Current Year To-Date 31.12.2020 RM'000	Preceding Year To-Date 31.12.2019 RM'000
Interest expenses	37	231	835	781
Amortisation of intangible assets	-	-	-	51
Depreciation of property, plant and equipment	287	284	1,164	1,179
Depreciation of right-of-use assets	432	283	1,373	1,104
Impairment loss on inventories	-	948	-	948
Impairment loss on trade and other receivables	753	610	1,843	1,925
Foreign exchange loss – unrealised (net)	116	18	94	73
Loss on changes in fair value of investments	-	-	-	6
Loss on changes in fair value of other investments	4	-	6	-
Deposit written off	-	-	-	2
Property, plant and equipment written off	-	-	-	(1) -
Bad debt written off	-	-	-	19
Reversal of impairment losses on trade and other receivables	-	(360)	(935)	(2,213)
Foreign exchange loss/(gain) – realised (net)	16	(12)	(145)	(49)
Interest income	(8)	(2)109	(312)	(287)
Income distribution from other investments	(142)	-	(603)	-
Gain on disposal of property, plant and equipment	-	-	(215)	(80)
Loss/(Gain) on derecognition of right-of-use assets	1	(5)	(53)	(5)
Listing expenses	-	-	4,240	-

Note:

(1) Negligible.

(2) Includes reversal of overstatement of interest income in prior quarter of RM0.18 million.

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.