

INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.03.2021 RM'000	Preceding Year Quarter 3 Months 31.03.2020 RM'000	Current Year To-Date 15 Months 31.03.2021 RM'000	Preceding Year To-Date 15 Months ⁽²⁾ 31.03.2020 RM'000
Revenue	28,151	18,269	107,890	N/A
Cost of sales	(24,659)	(12,877)	(91,353)	N/A
Gross profit	3,492	5,392	16,537	N/A
Other income	390	976	3,269	N/A
Administrative and distribution expenses ⁽³⁾	(5,841)	⁽⁴⁾ (7,751)	(22,509)	N/A
Other operating expenses	(3,206)	⁽⁴⁾ (780)	(5,071)	N/A
Loss from operations	(5,165)	(2,163)	(7,774)	N/A
Finance costs	116	(262)	(719)	N/A
Loss before taxation	(5,049)	(2,425)	(8,493)	N/A
Taxation	855	(472)	(609)	N/A
Loss for the financial period	(4,194)	(2,897)	(9,102)	N/A
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	5	69	31	N/A
Total comprehensive loss for the financial period	(4,189)	(2,828)	(9,071)	N/A
Loss for the financial period attributable to:				
Owners of the Company	(4,194)	(2,897)	(9,100)	N/A
Non-controlling interests	-	⁽⁵⁾ -	(2)	N/A
	(4,194)	(2,897)	(9,102)	N/A
Total comprehensive loss for the financial period attributable to:				
Owners of the Company	(4,189)	(2,828)	(9,069)	N/A
Non-controlling interests	-	⁽⁵⁾ -	(2)	N/A
	(4,189)	(2,828)	(9,071)	N/A
Loss per share attributable to owners of the Company (sen) ⁽⁶⁾ :				
Basic / Diluted ⁽⁷⁾	(0.72)	(0.52)	(1.58)	N/A

INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2021

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) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.
- (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 3 Months 31.03.2021 RM'000	Preceding Year Quarter 3 Months 31.03.2020 RM'000	Current Year To-Date 15 Months 31.03.2021 RM'000	Preceding Year To-Date 15 Months 31.03.2020 RM'000
Loss before taxation	(5,049)	(2,425)	(8,493)	N/A
Add: Listing expenses	(7)	4,240	4,233	N/A
Adjusted profit/(loss) before taxation	(5,056)	1,815	(4,260)	N/A

- (4) Certain figures of the preceding year's quarter have been reclassified to conform with the presentation of the current quarter and the current 15-month financial period.
- (5) Negligible.
- (6) Based on the Company's weighted average number of ordinary shares during the current financial quarter / current financial year to-date.
- (7) Diluted loss per share is equivalent to the basic loss per share as the Company does not have any convertible securities as at 31 March 2021.
- N/A Not available.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.03.2021 RM'000	Audited As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,200	11,835
Right-of-use assets	3,236	2,477
Goodwill	485	495
Investments	13	8
	14,934	14,815
Current assets		
Inventories	12,727	11,428
Trade and other receivables	38,448	52,586
Other investments	28,324	-
Tax recoverable	4,382	297
Deposits, cash and bank balances	9,976	16,456
	93,857	80,767
TOTAL ASSETS	108,791	95,582
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	14,806
Retained earnings	35,901	45,001
Translation reserve	65	34
	72,314	59,841
Non-controlling interests	(2)	(3)
TOTAL EQUITY	72,312	59,841
Non-current liabilities		
Lease liabilities	2,625	941
Deferred tax liabilities	653	983
	3,278	1,924
Current liabilities		
Trade and other payables	28,441	28,193
Amount due to directors	2	123
Bank borrowings	2,995	4,200
Lease liabilities	1,763	894
Current tax liabilities	-	407
	33,201	33,817
TOTAL LIABILITIES	36,479	35,741
TOTAL EQUITY AND LIABILITIES	108,791	95,582
Net assets per share (RM) ⁽²⁾	0.12	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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	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 2020	14,806	34	45,001	59,841	⁽²⁾ -	59,841
Loss for the financial period	-	-	(9,100)	(9,100)	(2)	(9,102)
Other comprehensive income for the financial period	-	31	-	31	-	31
Total comprehensive income/(loss)	-	31	(9,100)	(9,069)	(2)	(9,071)
Transactions with owners:						
Issuance of shares	21,850	-	-	21,850	-	21,850
Share issuance expenses	(308)	-	-	(308)	-	(308)
	21,542	-	-	21,542	-	21,542
Balance at 31 March 2021	36,348	65	35,901	72,314	(2)	72,312

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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/(loss) 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.

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INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2021**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾**

	Cumulative Quarter	
	Current Year To-Date 15 Months 31.03.2021 RM'000	Preceding Year To-Date 15 Months ⁽²⁾ 31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,493)	N/A
Adjustments for:		
Non-cash items	7,541	N/A
Non-operating items	(164)	N/A
Interest expenses	719	N/A
Interest income	(408)	N/A
Income distribution from other investments	(733)	-
Operating loss before working capital changes	(1,538)	N/A
Increase in inventories	(1,291)	N/A
Decrease in trade and other receivables	14,508	N/A
Decrease in trade and other payables	(2,777)	N/A
Decrease in amount due to directors	(121)	N/A
Cash generated from operations	8,781	N/A
Interest paid	(719)	N/A
Tax paid	(6,238)	N/A
Tax refund	791	N/A
Net cash generated from operating activities	2,615	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	408	N/A
Proceeds from disposal of property, plant and equipment	215	N/A
Net placements of other investments	⁽³⁾ (27,599)	N/A
Purchases of property, plant and equipment	(856)	N/A
Purchases of right-of-use assets	(74)	N/A
Net cash used in investing activities	(27,906)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net lease liabilities repaid	(1,823)	N/A
Net repayment of bank borrowings	(1,206)	N/A
Proceeds from issuance of shares	21,850	N/A
Net cash generated from financing activities	18,821	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(6,470)	N/A
Cash and cash equivalents at beginning of the financial period	16,456	N/A
Net exchange differences	(10)	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	9,976	N/A
Cash and cash equivalents comprise:		
Deposits with licensed banks	2,002	N/A
Placement in money market deposits	1,800	N/A
Cash and bank balances	6,174	N/A
	9,976	N/A
Less: Deposits pledged to licensed banks	(784)	N/A
	9,192	N/A

INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 MARCH 2021

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) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.
 - (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 available.

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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 ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

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 April 2021

Amendment to MFRS 16 Leases – Covid-19 – Related Rent Concessions beyond 30 June 2021

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

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A2 Significant Accounting Policies (Cont'd)

New MFRSs and Amendments to MFRSs That Are Not Yet Effective and Have Not Been Early Adopted (Cont'd)

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: (Cont'd)

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

Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

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.

As announced by the Company on 25 September 2020, 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.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**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 March 2021	<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 is 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	
	3 Months 31.03.2021		3 Months 31.03.2020		15 Months 31.03.2021		15 Months (³)31.03.2020	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Malaysia ⁽¹⁾	21,432	76.1	9,974	54.6	79,650	73.8	N/A	N/A
Thailand	651	2.3	2,955	16.2	6,203	5.7	N/A	N/A
Bangladesh	1,349	4.8	2,731	14.9	4,081	3.8	N/A	N/A
Vietnam ⁽¹⁾	2,764	9.9	1,555	8.5	6,267	5.9	N/A	N/A
Indonesia	1,955	6.9	1,054	5.8	11,257	10.4	N/A	N/A
Others ⁽²⁾	-	-	-	-	432	0.4	N/A	N/A
Total	<u>28,151</u>	<u>100.0</u>	<u>18,269</u>	<u>100.0</u>	<u>107,890</u>	<u>100.0</u>	N/A	N/A

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A9 Segmental Reporting (Cont'd)

Notes:

- (1) 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.
 - (2) Others include Brunei, Philippines and Pakistan
 - (3) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.
- N/A Not available.

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

On 20 May 2021, Powerwell International Sdn Bhd, a wholly owned subsidiary of the Company had entered into a sale and purchase agreement ("**SPA**") with Generasi Nirwana (Milling) Sdn Bhd (In liquidation) to acquire a three (3) storey office block cum single storey factory building and a guard house erected on individual title held under Geran 99147, Lot 69245, Mukim Klang, Daerah Klang, Negeri Selangor measuring 3,950 square metres in area and bearing the postal address of No. 4, Jalan Anggerik Mokara 31/44, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan, for a total cash consideration of RM11,500,000.00, subject to the terms and conditions in the SPA ("**Proposed Acquisition**"). The Proposed Acquisition is pending completion as at the date of 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.

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.

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		15-month ended	
	31.03.2021	31.03.2020	31.03.2021	⁽¹⁾ 31.03.2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	28,151	18,269	107,890	N/A
Loss before taxation	(5,049)	(2,425)	(8,493)	N/A

Notes:

(1) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.

N/A Not available.

In the current financial quarter under review, the Group recorded a revenue of RM28.2 million and loss before taxation of RM5.0 million, as compared to a revenue and loss before taxation of RM18.3 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 generated from major projects (i.e. MRT 2, TRX mall, Mayang Mall, Intel) undertaken by the Group during the period. Sales activities in preceding year quarter was disrupted by Movement Control Order (“MCO”) 1.0 shutdown.

Loss before taxation in current financial quarter was higher mainly due to lower profitability in some of the projects completed during the current financial quarter, higher raw material price (i.e, copper, steel), weaker Ringgit Malaysia against United States Dollar, higher costs incurred on sub-contractor works, higher site management fees and site installation fees and higher net impairment loss on trade receivable. Additionally, the right of use assets and residual value of property, plant and equipment in Powerwell Vietnam Company Limited, a wholly owned subsidiary of the Group, were fully impaired due to the current challenging business environment in that subsidiary.

In the 15-month period of the current financial year, the Group recorded a revenue of RM107.9 million and loss before taxation of RM8.5 million.

The Group's operations in the 15-month period ended 31 March 2021 were 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.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B1 Review of Financial Performance (Cont'd)**

The Group recorded a loss before taxation of RM8.5 million for the 15-month period ended 31 March 2021 mainly due to lower profitability in some of the projects completed during the 15-month financial period, higher fixed costs such as labour costs and factory overheads, higher site management fees and site installation fees and higher impairment loss on trade receivables. Additionally, the right of use assets and residual value of property, plant and equipment in the Group's wholly owned subsidiary, Powerwell Vietnam Company Limited, were fully impaired due to the current challenging business environment in that subsidiary. 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 loss before taxation would be RM4.3 million in the 15-month period of the current financial year.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter		Changes
	3-month ended		
	31.03.2021	31.12.2020	
	(RM'000)	(RM'000)	
Revenue	28,151	24,544	3,607
(Loss)/Profit before taxation	(5,049)	128	(5,177)

The Group's revenue for the current financial quarter increased by 14.7% to RM28.1 million from RM24.5 million recorded in the preceding quarter. The increase in revenue was mainly due to higher number of projects delivered as compared to the preceding quarter.

The Group recorded a loss before taxation of RM5.0 million in the current financial quarter as compared to profit before taxation of RM0.1 million in the preceding quarter. The loss before taxation was mainly due to lower profitability of some of the projects, higher site management fees and site installation fees, higher impairment loss on trade receivables, coupled with impairment loss of right of use assets and property, plant and equipment in the Group's wholly owned subsidiary, Powerwell Vietnam Company Limited, due to the current challenging business environment in that subsidiary.

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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 its own "Powerwell" branded medium voltage switchgears.

The Group has signed contracts with 2 value added partners (VAP) for 33KV Gas Insulated Switchgear (GIS) and 24KV Ring Main Unit (RMU) which will be manufactured and delivered from the Group's factory, whereby Powerwell's brand label will be co-branded with VAPs' brand label.

- (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

The Group has conducted the following tasks:

- After assess market fit, the Group will further study and analyse the Metal Enclosed 24kV switchgear for Indonesia market and to be followed by third party's TYPE TEST.
- Low Voltage (LV) switchboard test units design is finalized and the Group will conduct assessment of oversea vendors for procurement of the critical part material for test unit. Additionally, the Group shall re-assess market fit and feasibility with IOT adaptation such as monitoring and communication of temperature and electrical parameters of LV switchboard.

- (iii) Augment the Group's efforts in growing the replacement market business.

The Group has submitted bids for Medium Voltage (MV) and Low Voltage (LV) packages to several Semi-conductor multinational corporations for replacement market.

- (iv) Continue to increase the Group's manufacturing and marketing activities in the domestic and regional markets in order to grow its market share.

The Group will focus in segment such as Data Center, semi-conductor factory, hospital and utility projects (e.g. sewerage treatment plant).

- (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 assessment of new plant and machinery and the ERP system are currently at vendor selection stage and it will be finalised by 2nd half of 2021.

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

The COVID-19 pandemic 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 Malaysia facing a recent surge of COVID-19 cases, the Malaysian government imposed the MCO 3.0 from 12 May 2021 until 7 June 2021 nationwide and imposed travel restrictions on interstate and inter-district travel. SOPs compliance at construction sites are tightened and access to construction sites are also more restrictive, which may affect the Group's delivery schedule. Going forward, the prices of raw materials are expected to increase due to shortage of supply as well as higher market demand of raw materials. This is expected to impact the Group operations in the 12-month period ending 31 March 2022.

As the Covid-19 pandemic transmissions in Malaysia increased with rising concern, the possibility of intermittent lockdowns and tighten implementation of MCO 3.0, which is currently in place, with added restrictions on economic and social sectors. Overall, the business environment will remain challenging in 2021 and restrictive measures in the medium term are expected to dampen the Group recovery momentum.

Nonetheless, as Malaysia and other countries rolled out their Covid-19 immunisation programme and the global economy is expected to gradually recover in 2021, the Group is cautiously optimistic of its prospects in the financial year ending 31 March 2022 and is stepping up the pace of its projects pipeline and sales activities. The Group will continue to implement cost control measures, including a review of the production and supply chain processes to mitigate the impact of higher raw material prices on its business' profitability.

B4 Profit Forecast

Not applicable as no profit forecast was issued.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.03.2021 RM'000	Preceding Year Quarter 3 Months 31.03.2020 RM'000	Current Year To-Date 15 Months 31.03.2021 RM'000	Preceding Year To-Date 15 Months (³)31.03.2020 RM'000
Income tax	(525)	472	939	N/A
Deferred tax	(330)	-	(330)	N/A
Tax (income) / expense	(855)	472	609	N/A
Effective tax rate	(¹)16.9%	(19.5)%	(²)7.2)%	N/A

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B5 Taxation (Cont'd)**Notes:

- (1) The effective tax rate of the Group is lower than statutory tax rate mainly due to losses arising from operations of some subsidiary companies for which no deferred tax asset is provided.
- (2) The negative effective tax rate of the Group for the current financial year-to-date was due to the loss before taxation of RM8.5 million which included one-off listing expenses of RM4.2 million.
- (3) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.

N/A Not available.

B6 Status of Corporate Proposals

Save as disclosed in note A11 above, 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 status of utilisation of proceeds from the Public Issue amounting to RM21.85 million as at 24 May 2021 is as follows:

Details of utilisation	Intended utilisation RM'000	Amount utilised as at 24 May 2021 RM'000	Balance to be utilised RM'000	Revised timeframe for utilisation of proceeds from the listing date of 22 January 2020 ⁽³⁾
Capital expenditure	(1)10,270	-	10,270	Within 36 months
Certification expenditure	3,865	-	3,865	Within 36 months
Working capital	3,615	(3,615)	-	-
Listing expenses	4,100	(2)(4,100)	-	-
Total	21,850	(7,715)	14,135	

Note:

- (1) The Covid-19 pandemic and imposition of the Movement Control Orders had resulted in a delay in the Group's implementation plan on capital expenditure. The purchase of new plant and machinery and ERP upgrade are estimated to cost RM8 million and expected to commence in second half of 2021.
- (2) 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.
- (3) Revised as per Company's announcement dated 24 May 2021.

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 31.03.2021 RM'000	As at 31.12.2019 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	1,132	618
		<u>1,132</u>	<u>618</u>
Current liabilities			
Lease liabilities	Ringgit Malaysia	315	259
Banker's acceptance ⁽¹⁾	Ringgit Malaysia	967	4,200
Revolving credit	Vietnamese Dong	2,028	-
		<u>3,310</u>	<u>4,459</u>
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Vietnamese Dong	686	-
Lease liabilities	Ringgit Malaysia	807	323
		<u>1,493</u>	<u>323</u>
Current liabilities			
Lease liabilities	Vietnamese Dong	618	167
Lease liabilities	Ringgit Malaysia	830	468
		<u>1,448</u>	<u>635</u>
Total borrowings		<u>7,383</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 3 Months 31.03.2021	Preceding Year Quarter 3 Months 31.03.2020	Current Year To-Date 15 Months 31.03.2021	Preceding Year To-Date 15 Months (3)31.03.2020
Loss for the financial period attributable to owners of the Company (RM'000)	(4,194)	(2,897)	(9,100)	N/A
Weighted average number of ordinary shares in issue ('000)	580,552	559,422	576,335	N/A
Basic loss per share(sen) ⁽¹⁾	(0.72)	(0.52)	(1.58)	N/A
Diluted loss per share (sen) ⁽²⁾	(0.72)	(0.52)	(1.58)	N/A

Notes:

- (1) 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 financial quarter / financial year to-date.
- (2) Diluted loss per share is equivalent to the basic loss per share as the Company does not have any convertible securities as at 31 March 2021.
- (3) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.

N/A Not available.

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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**

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.03.2021 RM'000	Preceding Year Quarter 3 Months 31.03.2020 RM'000	Current Year To-Date 15 Months 31.03.2021 RM'000	Preceding Year To-Date 15 Months (¹)31.03.2020 RM'000
Interest expenses	(²)(116)	262	719	N/A
Depreciation of property, plant and equipment	510	276	1,674	N/A
Depreciation of right-of-use assets	763	315	2,136	N/A
Impairment loss on goodwill	10	-	10	N/A
Impairment loss on property, plant and equipment	117	-	117	N/A
Impairment loss on right-of-use assets	1,187	-	1,187	N/A
Impairment loss on trade and other receivables	1,621	780	3,464	N/A
Inventory written off	36	-	36	N/A
Foreign exchange (gain)/loss – unrealised (net)	(58)	(70)	36	N/A
Loss on changes in fair value of other investments	2	-	8	N/A
Deposit written off	155	-	155	N/A
Property, plant and equipment written off	63	-	63	N/A
Bad debt written off	65	-	65	N/A
Reversal of impairment losses on trade and other receivables	(407)	(462)	(1,342)	N/A
Foreign exchange loss/(gain) – realised (net)	66	80	(79)	N/A
Interest income	(96)	(29)	(408)	N/A
Income distribution from other investments	(130)	(122)	(733)	N/A
Gain on changes in fair value of investments	(5)	-	(5)	N/A
Gain on disposal of property, plant and equipment	-	(215)	(215)	N/A
Loss/(Gain) on derecognition of right-of-use assets	42	-	(11)	N/A
Listing expenses	(7)	4,240	4,233	N/A

Notes:

(1) The financial year end of the Group has been changed from 31 December to 31 March. As such, there was no comparative financial information available for the cumulative year to-date 15 months financial period ended 31 March 2020.

(2) Interest expenses (credit) arose due to adjustment of interest rate on right-of-use assets in Powerwell Vietnam Company Limited, a wholly owned subsidiary of the Group.

N/A Not applicable.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

B12 Notes to the Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

Save as disclosed in Note B12, 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.