

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.12.2021 RM'000	Preceding Year Quarter 3 Months 31.12.2020 RM'000	Current Year To-Date 9 Months 31.12.2021 RM'000	Preceding Year To-Date 9 Months ⁽²⁾ 31.12.2020 RM'000
Revenue	26,143	24,544	54,580	N/A
Cost of sales	(22,874)	(20,106)	(47,919)	N/A
Gross profit	3,269	4,438	6,661	N/A
Other income	755	260	3,208	N/A
Administrative and distribution expenses	(2,922)	(2,721)	(9,488)	N/A
Other operating expenses	(1,411)	(1,812)	(3,077)	N/A
(Loss)/Profit from operations	(309)	165	(2,696)	N/A
Finance costs	(176)	(37)	(450)	N/A
(Loss)/Profit before taxation	(485)	128	(3,146)	N/A
Taxation	(131)	(690)	(299)	N/A
Loss for the financial period	(616)	(562)	(3,445)	N/A
Other comprehensive income/(loss)				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	7	(19)	35	N/A
Total comprehensive loss for the financial period	(609)	(581)	(3,410)	N/A
Loss for the financial period attributable to:				
Owners of the Company	(613)	(561)	(3,440)	N/A
Non-controlling interests	(3)	(1)	(5)	N/A
	(616)	(562)	(3,445)	N/A
Total comprehensive loss for the financial period attributable to:				
Owners of the Company	(606)	(580)	(3,405)	N/A
Non-controlling interests	(3)	(1)	(5)	N/A
	(609)	(581)	(3,410)	N/A
Loss per share attributable to owners of the Company (sen) ⁽³⁾ :				
Basic / Diluted ⁽⁴⁾	(0.11)	(0.10)	(0.59)	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 15-month financial period ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.
 - (2) Following the change in the Group's financial year end from 31 December to 31 March, the financial statements of the Group for the financial year ending 31 March 2022 cover a 12 month period as compared to the 15-month financial period ended 31 March 2021. As such, comparative year-to-date figures are not available.
 - (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 per share is equivalent to the basic loss per share as the Company does not have any convertible securities as at 31 December 2021.
- N/A Not available.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾**

	Unaudited As at 31.12.2021 RM'000	Audited As at 31.03.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,660	11,200
Right-of-use assets	2,320	1,935
Goodwill	485	485
Other investment	-	13
Other receivable	-	855
	25,465	14,488
Current assets		
Inventories	15,533	12,727
Trade and other receivables	39,959	37,747
Current tax assets	5,903	4,534
Short term funds	24,345	28,324
Deposits, cash and bank balances	6,699	9,832
	92,439	93,164
TOTAL ASSETS	117,904	107,652
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	36,348
Retained earnings	32,677	36,117
Foreign exchange translation reserve	47	12
	69,072	72,477
Non-controlling interests	(7)	(2)
TOTAL EQUITY	69,065	72,475
Non-current liabilities		
Lease liabilities	1,212	1,836
Term loan	8,557	-
Deferred tax liabilities	665	665
	10,434	2,501
Current liabilities		
Trade and other payables	31,806	27,804
Bank borrowings	5,043	3,622
Lease liabilities	1,062	1,250
Term loan	494	-
	38,405	32,676
TOTAL LIABILITIES	48,839	35,177
TOTAL EQUITY AND LIABILITIES	117,904	107,652
Net assets per share (RM) ⁽²⁾	0.12	0.13

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 15-month financial period ended 31 March 2021 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.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**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	Foreign exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 April 2021	36,348	12	36,117	72,477	(2)	72,475
Loss for the financial period	-	-	(3,440)	(3,440)	(5)	(3,445)
Other comprehensive income for the financial period	-	35	-	35	-	35
Total comprehensive income/(loss)	-	35	(3,440)	(3,405)	(5)	(3,410)
Balance at 31 December 2021	36,348	47	32,677	69,072	(7)	69,065

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

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

	Attributable to owners of the Company		Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
	Non-distributable	Distributable				
	Share capital RM'000	Foreign exchange translation reserve RM'000				
At 1 January 2020	14,806	34	45,001	59,841	(2)	59,841
Loss for the financial period	-	-	(8,884)	(8,884)	(2)	(8,886)
Other comprehensive loss for the financial period	-	(22)	-	(22)	-	(22)
Total comprehensive loss	-	(22)	(8,884)	(8,906)	(2)	(8,908)
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	12	36,117	72,477	(2)	72,475

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 15-month financial period ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.

(2) Negligible.

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

	Cumulative Quarter	
	Current Year To-Date 9 Months 31.12.2021 RM'000	Preceding Year To-Date 9 Months ⁽²⁾ 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,146)	N/A
Adjustments for:		
Non-cash items	3,041	N/A
Non-operating items	(1,153)	N/A
Interest expenses	450	N/A
Interest income	(20)	N/A
Investment income	(321)	N/A
Operating loss before working capital changes	(1,149)	N/A
Increase in inventories	(3,829)	N/A
Increase in trade and other receivables	(1,354)	N/A
Increase in trade and other payables	3,986	N/A
Cash used in operations	(2,346)	N/A
Tax paid	(1,667)	N/A
Net cash used in operating activities	(4,013)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	20	N/A
Investment income received	321	N/A
Purchases of property, plant and equipment	(3,108)	N/A
Net uplifts of fixed deposits pledged with licensed bank	740	N/A
Proceed from disposal of property, plant and equipment	91	N/A
Proceed from disposal of other investment	11	N/A
Net cash used in investing activities	(1,925)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(326)	N/A
Payment for lease liabilities	(1,223)	N/A
Net drawdown of bank borrowings	1,396	N/A
Net repayment of term loan	(148)	N/A
Net cash used in financing activities	(301)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(6,239)	N/A
Cash and cash equivalents at beginning of the financial period	37,064	N/A
Net exchange differences	(147)	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	30,678	N/A
Cash and cash equivalents comprise:		
Short term funds	24,345	N/A
Deposits with licensed banks	366	N/A
Cash and bank balances	6,333	N/A
	31,044	N/A
Less: Deposits pledged to licensed banks	(366)	N/A
	30,678	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 15-month financial period ended 31 March 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.
- 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 Rule 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 the Company for the 15-month financial period ended 31 March 2021 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 15-month financial period ended 31 March 2021.

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 the accounting period beginning on or after 1 April 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2

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

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 Pre-Adopted

The Group and the Company have not pre-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

Annual Improvements to MFRS Standards 2018 – 2020

Amendments to MFRS 3 - Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before intended use

Amendments to MFRS 137 - Onerous Contracts - Cost of Fulfilling a Contract

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

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A2 Significant Accounting Policies (Cont'd)

The Group and the Company have not pre-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 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 15-month financial period ended 31 March 2021.

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**

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.

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 (“LV”) switchboards, medium voltage (“MV”) switchgears and related products. The Group’s revenue is mainly confined to this single operating segment. As such, the revenue of the Group for the current financial quarter and current financial year-to-date is derived entirely from this operating segment.

In determining geographical segments of the Group, segment revenue is based on the geographical location of customers. Revenue breakdown by geographical location of the Group’s customers is set out as follows:

Revenue by geographical location	Individual Quarter				Cumulative Quarter			
	Current Year		Preceding Year		Current Year		Preceding Year	
	Quarter		Quarter		To-Date		To-Date	
	3 Months		3 Months		9 Months		9 Months	
	31.12.2021		31.12.2020		31.12.2021		⁽³⁾ 31.12.2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia ⁽¹⁾	20,261	77.5	17,719	72.2	42,674	78.2	N/A	N/A
Thailand ⁽²⁾	-	-	2,341	9.5	-	-	N/A	N/A
Bangladesh ⁽³⁾	4,608	17.6	1	-	7,407	13.6	N/A	N/A
Vietnam	661	2.5	693	2.8	1,775	3.2	N/A	N/A
Indonesia ⁽¹⁾	613	2.4	3,358	13.7	2,318	4.2	N/A	N/A
Pakistan	-	-	84	0.4	369	0.7	N/A	N/A
Cambodia	-	-	348	1.4	37	0.1	N/A	N/A
Total	26,143	100.0	24,544	100.0	54,580	100.0	N/A	N/A

Notes:

(1) The Group’s operations in Malaysia recorded higher revenue in the current quarter as compared to the preceding year’s quarter due to the relaxation of certain standard operating procedures by the Malaysian Government in respect of the COVID-19 pandemic following the national vaccination programme. The Group’s operations in Indonesia were affected by the COVID-19 pandemic lockdowns which had disrupted project deliveries at the construction sites leading to lower project sales in its Indonesia operations in the current quarter as compared to the preceding year’s quarter.

(2) The Group recorded higher sales in Thailand in the preceding year quarter due to a one-off project sales package for new platform in an oil and gas project.

(3) The Group’s operations in Bangladesh recorded higher sales in the current quarter mainly as a result of the increase in project sales on the solar power plant project.

(4) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.

N/A Not available.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

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.

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 initial public offering ("IPO") ("**Prospectus**"). The Group expects to meet its planned capital commitments through the IPO proceeds as well as internally generated funds.

The Company has revised the timeframe for utilisation of IPO proceeds, as detailed in the Company's announcement to Bursa Securities dated 24 May 2021.

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		9-month ended	
	31.12.2021	31.12.2020	31.12.2021	⁽¹⁾ 31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	26,143	24,544	54,580	N/A
(Loss)/Profit before taxation	(485)	128	(3,146)	N/A

Note:

(1) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.

N/A Not available.

In the current financial quarter under review, the Group recorded a revenue of RM26.14 million and loss before taxation of RM0.49 million, as compared to a revenue and profit before taxation of RM24.54 million and RM0.13 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 project deliveries undertaken by the Group during the period, namely in Malaysia (contributing 77.5% of total revenue), followed by Bangladesh (contributing 17.6% of total revenue) as compared to the preceding year quarter. In October 2021, the Group's factory operations in Malaysia started to resume at full capacity following the relaxation of certain standard operating procedures ("SOP") imposed by the Government pursuant to the movement control order ("MCO") in respect of the COVID-19 pandemic.

The Group recorded lower gross profit margin of 12.5% in the current financial quarter (corresponding financial quarter of the preceding year: 18.1%) mainly due to lower profitability in some of the projects completed during the period. As a result of project variations upon completion of projects, the Group issued more credit notes in the current financial quarter. In addition, the Group incurred higher materials and other input production costs as compared to the corresponding financial quarter of the preceding year. The Group has undertaken a total of 126 project deliveries in the current financial quarter as compared to 122 project deliveries in the corresponding financial quarter of the preceding year.

The Group recorded a loss before taxation in current financial quarter as compared to a profit before taxation in the corresponding financial quarter of the preceding year mainly due to lower profitability as explained above. In addition, this was contributed by higher consultation fees on services performed relating to overseas projects coupled with the additional sales tax undercharged on prior year sales, write-down of inventories and impairment of other receivables incurred by its wholly-owned subsidiary, Powerwell Vietnam Company Limited ("PVN"), due to the challenging business environment and the scaling down of its business operations. However, this was partly offset by the reversal of impairment losses on trade receivables, partial refund of rental deposit and gain on disposal of property, plant and equipment in PVN.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter		Changes
	3-month ended		
	31.12.2021	30.09.2021	RM'000
	RM'000	RM'000	RM'000
Revenue	26,143	13,539	12,604
Loss before taxation	(485)	(2,467)	1,982

The Group's revenue for the current financial quarter increased by 93.3% to RM26.1 million as compared to RM13.5 million recorded in the immediate preceding quarter. The increase in revenue was mainly due to the higher number of projects delivered (126 project deliveries) as compared to the immediate preceding quarter (83 project deliveries) due to improvement in COVID-19 pandemic situation following the national vaccination programme.

The Group recorded a lower loss before taxation of RM0.5 million in the current financial quarter as compared to loss before taxation of RM2.5 million in the preceding quarter mainly due to the higher revenue recorded by the Group in the current financial quarter, as mentioned in the above paragraph.

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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.

In relation to the above, as previously reported, 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 the VAPs' brand label. With the co-branding exercise, the Group has successfully bolstered and commercialised the "Powerwell" brands.

In addition, the Group has carried / will carry out the following activities:

- After assessing the market fit, the Group will further study and analyse the Metal Enclosed 24kV switchgear for the Indonesian market and this will be followed by third party's TYPE TEST.
- The LV switchboard test unit design has been finalised 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 the market fit and feasibility with the Internet of Things ("IoT") adaptation such as monitoring and communication of temperature and electrical parameters of LV switchboard.

Due to the global pandemic uncertainties resulting in weak market sentiments in the construction sector, the Group has delayed the carrying out of the above activities and will continue to review the plan from time to time.

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

The Group will continue to submit bids for MV and LV packages in the replacement market.

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

In relation to this strategy, the Group will continue to focus in promising customer segments such as data centers, semi-conductor factories, hospitals and utility projects (e.g. sewerage treatment plant and bio-diesel plant).

- (iv) Upgrade some of the Group's machinery and equipment, Enterprise Resource Planning ("ERP") system and data management system in order to support the anticipated growth in the Group's business.

In relation to the above, the purchase of new plant and machinery costing RM5.4 million commenced in December 2021 with the payment of the first 10% deposit of the purchase order whilst the ERP system is progressively being upgraded.

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

The COVID-19 pandemic has continued to disrupt global supply chain and production. To protect the health and safety of employees, the Group has applied strict SOPs as recommended by the health authorities. This is to minimise disruptions to the Group's business operations, project delivery timelines, collections and payments.

The prolonged MCOs had a significant impact on the Group's business operations as it was unable to operate at full workforce capacity. Furthermore, many construction and infrastructure sites have not been able to fully operate during the lockdown periods, coupled with tightened SOPs compliance and more restrictive access at construction sites which affected the Group's delivery schedule.

The prices of raw materials (i.e. copper, steel) are expected to increase due to higher market demand of raw materials and shortage of supply. This is expected to impact the Group's operations in the current financial year ending 31 March 2022.

With the high national vaccination rate in Malaysia coupled with the reopening of businesses in the economic and social sectors, business recovery is expected to pick up. However, the overall business environment will remain challenging for the Group in the current financial year ending 31 March 2022 due to uncertain market conditions, high input production costs, new COVID-19 variants and restrictive SOP measures which are expected to dampen the Group's recovery momentum. The Group will continue to keep a cautious outlook of its prospects in the current financial year ending 31 March 2022.

The Group is expanding its Johor Bahru branch operations to include the production and assembly of mechanical control panels for the air-conditioning segment. In addition, the Group is expected to complete the renovation of its newly-acquired three (3) storey office block cum single storey factory building in Kota Kemuning, Shah Alam, and installation of new plant and machinery by the second half of year 2022. The Group will continue to implement cost control measures by 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 31.12.2021 RM'000	Preceding Year Quarter 3 Months 31.12.2020 RM'000	Current Year To-Date 9 Months 31.12.2021 RM'000	Preceding Year To-Date 9 Months (²)31.12.2020 RM'000
Income tax	131	690	299	N/A
Deferred tax	-	-	-	N/A
Tax expense	131	690	299	N/A
Effective tax rate	(¹)27.0%	539.1%	(¹)9.5%	N/A

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

(1) The negative effective tax rate was mainly due to the losses recorded by certain subsidiaries for which no deferred tax asset has been provided.

(2) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.

N/A Not available.

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 Powerwell's IPO

The status of utilisation of the IPO proceeds amounting to RM21.85 million as at 22 February 2022 is as follows:

<u>Details of utilisation</u>	<u>Intended utilisation</u> RM'000	<u>Amount utilised as at 22 February 2022</u> RM'000	<u>Balance to be utilised</u> RM'000	<u>Revised timeframe for utilisation of proceeds from the listing date of 22 January 2020⁽³⁾</u>
Capital expenditure	⁽¹⁾ 10,270	(24)	10,246	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	(7,739)	14,111	

Notes:

(1) The Covid-19 pandemic and imposition of MCOs have resulted in a delay in the Group's implementation plan on capital expenditure.

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

(3) Revised as per the Company's announcement to Bursa Securities 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 31.12.2021 RM'000	As at 31.03.2021 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	851	1,112
Term loan	Ringgit Malaysia	8,557	-
		9,408	1,112
Current liabilities			
Lease liabilities	Ringgit Malaysia	346	336
Trade financing	Ringgit Malaysia	4,780	1,593
Revolving credit	Vietnamese Dong	263	2,029
Term loan	Ringgit Malaysia	494	-
		5,883	3,958
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Vietnamese Dong	-	686
Lease liabilities	Ringgit Malaysia	361	38
		361	724
Current liabilities			
Lease liabilities	Vietnamese Dong	-	617
Lease liabilities	Indonesia Rupiah	3	26
Lease liabilities	Ringgit Malaysia	713	271
		716	914
Total borrowings		16,368	6,708

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 31.12.2021	Preceding Year Quarter 3 Months 31.12.2020	Current Year To-Date 9 Months 31.12.2021	Preceding Year To-Date 9 Months (³)31.12.2020
Loss for the financial period attributable to owners of the Company (RM'000)	(613)	(561)	(3,440)	N/A
Weighted average number of ordinary shares in issue ('000)	580,552	580,552	580,552	N/A
Basic loss per share(sen) ⁽¹⁾	(0.11)	(0.10)	(0.59)	N/A
Diluted loss per share (sen) ⁽²⁾	(0.11)	(0.10)	(0.59)	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.

(3) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.

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)/Profit before taxation was arrived at after charging / (crediting) the following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.12.2021 RM'000	Preceding Year Quarter 3 Months 31.12.2020 RM'000	Current Year To-Date 9 Months 31.12.2021 RM'000	Preceding Year To-Date 9 Months (²)31.12.2020 RM'000
Interest expenses	176	37	450	N/A
Depreciation of property, plant and equipment	287	287	849	N/A
Depreciation of right-of-use assets	316	432	950	N/A
Impairment loss on trade and other receivables	765	753	1,170	N/A
Foreign exchange loss – unrealised (net)	44	116	116	N/A
Loss on changes in fair value of other investments	-	4	-	N/A
Loss on disposal of other investment	2	-	2	N/A
Rental deposit (refunded)/ forfeited	(125)	-	274	N/A
Bad debt written off	1	-	1	N/A
Write down of inventories	186	-	1,047	N/A
Additional sales tax undercharged in prior years ⁽¹⁾	667	-	667	N/A
Reversal of impairment losses on trade and other receivables	(227)	-	(1,365)	N/A
Rental expense of premises	3	-	3	N/A
Foreign exchange loss/(gain) – realised (net)	-	16	(39)	N/A
Interest income	(3)	(8)	(20)	N/A
Investment income	(114)	(142)	(321)	N/A
Gain on disposal of property, plant and equipment	(91)	-	(91)	N/A
(Gain)/Loss on reassessment and modification of right-of- use assets	(5)	1	(1,064)	N/A

Notes:

- (1) Included in the Group's loss before taxation in the current year quarter is additional sales tax undercharged totaling RM0.67 million of which RM0.09 million and RM0.58 million were charged to production costs and other operating expenses respectively.
- (2) There are no comparative figures disclosed for the preceding cumulative period to-date following the change in the financial year end from 31 December to 31 March.

N/A Not applicable.

Save as disclosed in this 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.