

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 30.06.2022 RM'000	Preceding Year Quarter 3 Months 30.06.2021 RM'000	Current Year To-Date 3 Months 30.06.2022 RM'000	Preceding Year To-Date 3 Months 30.06.2021 RM'000
Revenue	23,811	14,898	23,811	14,898
Cost of sales	(19,542)	(12,076)	(19,542)	(12,076)
Gross profit	4,269	2,822	4,269	2,822
Other income	640	251	640	251
Net reversal of impairment losses on financial assets	270	383	270	383
Administrative and distribution expenses	(3,503)	(3,464)	(3,503)	(3,464)
Other operating expenses	(3)	(82)	(3)	(82)
Profit/(Loss) from operations	1,673	(90)	1,673	(90)
Finance costs	(315)	(104)	(315)	(104)
Profit/(Loss) before taxation	1,358	(194)	1,358	(194)
Taxation	(146)	(189)	(146)	(189)
Profit/(Loss) for the financial period	1,212	(383)	1,212	(383)
Other comprehensive income/(loss)				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	51	(1)	51	(1)
Total comprehensive income/(loss) for the financial period	1,263	(384)	1,263	(384)
Profit/(Loss) for the financial period attributable to:				
Owners of the Company	1,212	(382)	1,212	(382)
Non-controlling interests	-	(1)	-	(1)
	1,212	(383)	1,212	(383)
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	1,263	(383)	1,263	(383)
Non-controlling interests	-	(1)	-	(1)
	1,263	(384)	1,263	(384)
Earnings/(Loss) per share attributable to owners of the Company (sen) ⁽²⁾ :				
Basic / Diluted ⁽³⁾	0.21	(0.07)	0.21	(0.07)

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 March 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on the Company's weighted average number of ordinary shares during the current financial quarter / current financial year to-date.
- (3) Diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company does not have any convertible securities as at 30 June 2022.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30.06.2022 RM'000	Audited As at 31.03.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,003	22,486
Right-of-use assets	1,801	2,058
Intangible assets	102	-
Goodwill	485	485
	<u>25,391</u>	<u>25,029</u>
Current assets		
Inventories	15,074	11,600
Trade and other receivables	41,706	42,384
Current tax assets	4,805	4,878
Short term funds	24,311	20,921
Deposits, cash and bank balances	17,854	20,028
	<u>103,750</u>	<u>99,811</u>
TOTAL ASSETS	<u>129,141</u>	<u>124,840</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	36,348
Retained earnings	34,316	33,104
Foreign exchange translation reserve	116	65
	<u>70,780</u>	<u>69,517</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u>70,780</u>	<u>69,517</u>
Non-current liabilities		
Lease liabilities	784	970
Bank borrowings	8,315	8,431
Deferred tax liabilities	782	782
	<u>9,881</u>	<u>10,183</u>
Current liabilities		
Trade and other payables	40,846	32,083
Bank borrowings	6,509	11,979
Lease liabilities	1,125	1,078
	<u>48,480</u>	<u>45,140</u>
TOTAL LIABILITIES	<u>58,361</u>	<u>55,323</u>
TOTAL EQUITY AND LIABILITIES	<u>129,141</u>	<u>124,840</u>
Net assets per share (RM) ⁽²⁾	<u>0.12</u>	<u>0.12</u>

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 March 2022 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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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		Total RM'000		
	Share capital RM'000	Foreign exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
At 1 April 2022	36,348	65	33,104	69,517	-	69,517	
Profit for the financial period	-	-	1,212	1,212	-	1,212	
Other comprehensive income for the financial period	-	51	-	51	-	51	
Total comprehensive income	-	51	1,212	1,263	-	1,263	
Balance at 30 June 2022	36,348	116	34,316	70,780	-	70,780	

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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 April 2021	36,348	12	36,117	72,477	(2)	72,475
Loss for the financial period	-	-	(3,013)	(3,013)	2	(3,011)
Other comprehensive income for the financial period	-	53	-	53	-	53
Total comprehensive income/(loss)	-	53	(3,013)	(2,960)	2	(2,958)
Balance at 31 March 2022	36,348	65	33,104	69,517	-	69,517

Note:

(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 March 2022 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾**

	Cumulative Quarter	
	Current Year To-Date 3 Months 30.06.2022 RM'000	Preceding Year To-Date 3 Months 30.06.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,358	(194)
Adjustments for:		
Non-cash items	252	270
Non-operating items	(38)	-
Interest expenses	315	104
Interest income	(15)	(11)
Investment income	(90)	(105)
Operating profit before working capital changes	1,782	64
Changes in working capital:		
Inventories	(3,474)	(4,323)
Trade and other receivables	963	(6,832)
Trade and other payables	8,515	16
Cash generated from/(used in) operations	7,786	(11,075)
Tax paid	(72)	(1,083)
Net cash generated from/(used in) operating activities	7,714	(12,158)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	15	11
Investment income received	90	105
Purchases of property, plant and equipment	(771)	(188)
Purchase of intangible assets	(102)	-
Proceed from disposal of property, plant and equipment	38	-
Net cash used in investing activities	(730)	(72)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(296)	(55)
Payment for lease liabilities	(205)	(482)
Net (repayment)/drawdown of bank borrowings	(4,694)	1,028
Net cash (used in)/generated from financing activities	(5,195)	491
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,789	(11,739)
Cash and cash equivalents at beginning of the financial period	38,057	37,064
Net exchange differences	319	(139)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	40,165	25,186
Cash and cash equivalents comprise:		
Short term funds	24,311	17,629
Placement in money market deposits	-	1,900
Deposits with licensed banks	2,851	1,092
Cash and bank balances	15,003	5,657
	42,165	26,278
Less: Deposits pledged to licensed banks	(2,000)	(1,092)
	40,165	25,186

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 March 2022 and the accompanying explanatory notes attached to this interim financial report.

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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 financial year ended 31 March 2022 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 March 2022.

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 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

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 2023

MFRS 17, Insurance Contracts
Amendments to MFRS 17, Insurance Contracts
Initial Application of MFRS 17 and MFRS 9 – Comparative Information (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

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

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A3 Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 March 2022.

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 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

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.

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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 (“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 Quarter		Preceding Year Quarter		Current Year To-Date		Preceding Year To-Date	
	3 Months		3 Months		3 Months		3 Months	
	30.06.2022		30.06.2021		30.06.2022		30.06.2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Malaysia ⁽¹⁾	17,173	72.1	11,127	74.7	17,173	72.1	11,127	74.7
Bangladesh ⁽²⁾	3,809	16.0	2,200	14.8	3,809	16.0	2,200	14.8
Vietnam ⁽³⁾	-	-	154	1.0	-	-	154	1.0
Indonesia ⁽¹⁾	2,227	9.4	1,048	7.0	2,227	9.4	1,048	7.0
Pakistan	602	2.5	369	2.5	602	2.5	369	2.5
Total	23,811	100.0	14,898	100.0	23,811	100.0	14,898	100.0

Notes:

- (1) The Group’s operations in Malaysia and Indonesia recorded higher revenue in the current quarter as compared to the preceding year’s quarter mainly due to higher sales generated from project deliveries. In the preceding year quarter, the Group operations were affected by the Covid-19 pandemic as the various stages of lockdown in the respective countries disrupted project deliveries at the construction sites, leading to lower project sales in the preceding year’s quarter.
- (2) The Group recorded higher sales in Bangladesh in the current quarter as compared to the preceding year’s quarter mainly as a result of the increase in project sales.
- (3) The Group scaled down its operations in Vietnam during the financial year ended 31 March 2022 (“FYE 2022”) due to the challenging business environment.

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:

TCS Switchgears Sdn Bhd (“TCSSSB”), a subsidiary where the Company held 80% equity interest was struck off pursuant to Section 550 of the Companies Act 2016 and publication of the name of TCSSSB in the Gazette under Section 555(3) was gazetted on 29 June 2022.

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

The Company has proposed to vary the utilisation of IPO proceeds ("**Proposed Second Variation**") and extended the timeframe for utilisation of such proceeds, as detailed in the Company's circular to shareholders ("**Circular**") dated 11 August 2022. The Proposed Second Variation was approved by the shareholders at the Company's extraordinary general meeting ("**EGM**") held on 26 August 2022.

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		3-month ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	23,811	14,898	23,811	14,898
Profit/(Loss) before taxation	1,358	(194)	1,358	(194)

In the current financial quarter under review, the Group recorded a revenue of RM23.8 million and profit before taxation of RM1.4 million, as compared to a revenue and loss before taxation of RM14.9 million and RM0.2 million respectively in the corresponding financial quarter of the preceding year.

Revenue for the current financial quarter increased by 59.7% to RM23.8 million as compared with RM14.9 million in the preceding year's quarter mainly due to higher sales generated from project deliveries undertaken by the Group during the period, namely in Malaysia (contributing 72.1% of total revenue), followed by Bangladesh (contributing 16.0% of total revenue) and Indonesia (contributing 9.4% of total revenue) as compared to the preceding year quarter. The upsurge in project sales follows the reopening of the economy and international borders on 1 April 2022 as Malaysia economy transitions towards endemicity. In the preceding year's quarter, the Group's operations were affected by the Covid-19 pandemic lockdown measures imposed in Malaysia and other countries where the Group operates in.

The Group recorded lower gross profit margin of 17.9% in the current financial quarter (corresponding financial quarter of the preceding year: 18.9%) mainly due to lower profitability in some of the local projects which were completed during the period and higher input cost such as freight and logistics costs, overtime and foreign workers' levy charges.

Apart from the above, the Group has undertaken a total of 100 project deliveries in the current financial quarter, with higher value projects on LV switchboard for Agile, STP Ipoh, Intel PGAT2 as compared to 119 project deliveries in the corresponding financial quarter of the preceding year.

The Group recorded a profit before taxation in current financial quarter as compared to a loss before taxation in the corresponding financial quarter of the preceding year mainly due to higher revenue as explained above, partly offset by higher finance costs incurred on trade finance charges.

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

	Individual Quarter		Changes RM'000
	3-month ended		
	30.06.2022 RM'000	31.03.2022 RM'000	
Revenue	23,811	26,290	(2,479)
Profit before taxation	1,358	1,176	182

The Group's revenue for the current financial quarter decreased by 9.5% to RM23.8 million as compared to RM26.3 million recorded in the immediate preceding quarter. The Group has undertaken a total of 100 project deliveries in the current financial quarter as compared to 106 project deliveries in the immediate preceding quarter.

The Group recorded profit before taxation of RM1.4 million in the current financial quarter as compared to profit before taxation of RM1.2 million in the immediate preceding quarter mainly due to the higher profitability of the projects mix delivered, partly offset by higher finance costs incurred on trade finance charges recorded by the Group in the current financial quarter.

B3 Commentary on Prospects

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

(i) As previously reported, after careful deliberation of the challenging and uncertain market conditions due to the Covid-19 pandemic, the Group has discontinued the certification activities which were intended to enhance the status and marketability of the Group's existing products for expansion purposes. The Group has embarked on alternative approaches, such as co-branding with value added partners, to enhance the status and marketability of the Group's existing products. In addition, the Group intends to focus on strengthening its Indonesia subsidiary's operations and to establish an assembly plant for future business growth for the Indonesian market.

(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.

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.

The purchase of new machinery and equipment 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.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

B3 Commentary on Prospects (Cont'd)

The Covid-19 pandemic has disrupted economies worldwide and the spill over effects from Russia-Ukraine geo-political situation and China's zero-Covid containment measures policy have continued to disrupt global supply chain and production, creating additional cost pressures and market uncertainties. 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 2023.

As Malaysia and countries globally reopened economies after the Covid-19 pandemic, business recovery is expected to accelerate. However, the overall business environment will remain challenging for the Group in the current financial year ending 31 March 2023. In this regard, the Group will continue to keep a cautious outlook of its prospects in the current financial year ending 31 March 2023.

The Group has completed the renovation of its newly-acquired three (3) storey office block cum single storey factory building in Kota Kemuning, Shah Alam, and the new machinery and equipment are being installed, with testing and commissioning in progress. The Group has expanded its Johor Bahru branch operations to include the production and assembly of mechanical control panels. 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 and to deliver higher efficiency.

B4 Profit Forecast

Not applicable as no profit forecast was issued.

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PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 30.06.2022 RM'000	Preceding Year Quarter 3 Months 30.06.2021 RM'000	Current Year To-Date 3 Months 30.06.2022 RM'000	Preceding Year To-Date 3 Months 30.06.2021 RM'000
Income tax	146	189	146	189
Deferred tax	-	-	-	-
Tax expense	146	189	146	189
Effective tax rate	⁽¹⁾ 10.8%	⁽²⁾ (97.4)%	⁽¹⁾ 10.8%	⁽²⁾ (97.4)%

Notes:

- (1) The effective tax rate is lower than the statutory tax rate mainly due to the unabsorbed tax losses recorded by certain subsidiaries which are available for offset against current year's taxable profit.
- (2) The negative effective tax rate was mainly due to the losses recorded by certain subsidiaries for which no deferred tax asset has been provided.

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 Powerwell’s IPO

The Board had on 4 August 2022 announced that the Board has:-

- (i) proposed to vary the utilisation of the remaining unutilised IPO Proceeds earmarked for capital expenditure to working capital (“**Proposed Second Variation**”); and
- (ii) resolved to extend the timeframe for the use of such proceeds (i.e. capital expenditure and working capital of RM5.8 million and RM3.3 million respectively) to up to 48 months from the Listing Date (“**Third Extension**”).

The above proposal was tabled at the EGM of the Company held on 26 August 2022 and the resolution pertaining to the Proposed Second Variation was passed and approved by the shareholders. As at 26 August 2022, the status of utilisation of the IPO proceeds amounting to RM21.85 million is as follows

Details of utilisation	Intended utilisation of proceeds after the First Variation ⁽¹⁾	Amount utilised as at 26 August 2022	Second Variation	Balance to be utilised after the Second Variation	Revised timeframe for utilisation from the Listing Date after the Second Extension ⁽¹⁾	Revised timeframe for utilisation from the Listing Date after the Third Extension
	RM'000	RM'000	RM'000	RM'000		
Capital expenditure ⁽²⁾	10,270	(1,151) ⁽²⁾	(3,316)	5,803 ⁽²⁾	Within 36 months	Within 48 months
- Purchase of machinery and equipment ⁽³⁾	6,060	(544)	(616)	4,900		
- Enhancement of ERP systems and hardware	4,210	(607)	(2,700)	903		
Working Capital	7,480	(7,480)	3,316	3,316	Within 36 months	Within 48 months
- Purchase of materials and components	6,185	(6,185)	3,316	3,316		
- Marketing activities	1,295	(1,295)	-	-		
Listing expenses	4,100	(4,100) ⁽⁴⁾	-	-		
Total gross proceeds	21,850	12,731	-	9,119		

Note:

- (1) Revised as per the Company's announcement to Bursa Securities dated 30 May 2022.
- (2) The Covid-19 pandemic and imposition of movement control orders have resulted in a delay in the Group's implementation plan on capital expenditure. The amount utilised were for payments for deposit of the purchase of machinery and equipment of RM0.5 million and payments for enhancement of ERP systems and hardware of RM0.6 million. The remaining payments will be made upon full commissioning of the machinery and equipment whilst payments for the ERP systems will be made progressively based on the stages of implementation using the balance unutilised proceeds for capital expenditure.
- (3) As at 26 August 2022, the Group has purchased the necessary machinery and equipment targeted to improve the efficiency of our production process as well as to increase our production capacity. The new machinery and equipment, together with its existing machineries are sufficient to meet the Group's production capacity and requirements.
- (4) 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.

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

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PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**B8 Borrowings**

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

	Currency	As at 30.06.2022 RM'000	As at 31.03.2022 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	730	762
Term loan	Ringgit Malaysia	8,315	8,431
		9,045	9,193
Current liabilities			
Lease liabilities	Ringgit Malaysia	382	350
Trade financing	Ringgit Malaysia	6,014	10,587
Bank overdraft	Ringgit Malaysia	-	893
Term loan	Ringgit Malaysia	495	499
		6,891	12,329
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	54	208
		54	208
Current liabilities			
Lease liabilities	Ringgit Malaysia	743	728
		743	728
Total borrowings		16,733	22,458

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 30.06.2022	Preceding Year Quarter 3 Months 30.06.2021	Current Year To-Date 3 Months 30.06.2022	Preceding Year To-Date 3 Months 30.06.2021
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	1,212	(382)	1,212	(382)
Weighted average number of ordinary shares in issue ('000)	580,552	580,552	580,552	580,552
Basic earnings/(loss) per share(sen) ⁽¹⁾	0.21	(0.07)	0.21	(0.07)
Diluted earnings/(loss) per share (sen) ⁽²⁾	0.21	(0.07)	0.21	(0.07)

Notes:

- (1) The basic earnings/(loss) per share is computed based on the profit/(loss) for the financial period attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the financial quarter / financial year to-date.
- (2) Diluted earnings/(loss) per share is equivalent to the basic earnings/(loss) per share as the Company does not have any convertible securities.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 30.06.2022 RM'000	Preceding Year Quarter 3 Months 30.06.2021 RM'000	Current Year To-Date 3 Months 30.06.2022 RM'000	Preceding Year To-Date 3 Months 30.06.2021 RM'000
Interest expenses	315	104	315	104
Depreciation of property, plant and equipment	254	287	254	287
Depreciation of right-of-use assets	304	315	304	315
Impairment loss on trade and other receivables	100	145	100	145
Foreign exchange (gain)/loss – unrealised (net)	(37)	51	(37)	51
Deposit written off	-	1	-	1
Reversal of impairment losses on trade and other receivables	(370)	(528)	(370)	(528)
Foreign exchange (gain)/loss – realised (net)	(49)	(14)	(49)	(14)
Interest income	(15)	(11)	(15)	(11)
Investment income	(90)	(105)	(90)	(105)
Gain on disposal of property, plant and equipment	(38)	-	(38)	-
Writeback of provision for sales tax	(397)	-	(397)	-

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.