

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.03.2023 RM'000	Preceding Year Quarter 3 Months 31.03.2022 RM'000	Current Year To-Date 12 Months 31.03.2023 RM'000	Preceding Year To-Date 12 Months 31.03.2022 RM'000
Revenue	57,661	26,290	159,085	80,870
Cost of sales	(48,950)	(22,247)	(134,449)	(70,166)
Gross profit	8,711	4,043	24,636	10,704
Other income	851	619	2,105	2,462
Net (impairment losses) / reversal of impairment losses on financial assets	(1,791)	(136)	(1,431)	59
Administrative and distribution expenses	(3,024)	(2,896)	(14,486)	(12,385)
Other operating expenses	(968)	(290)	(997)	(2,197)
Profit/(Loss) from operations	3,779	1,340	9,827	(1,357)
Finance costs	(255)	(164)	(1,323)	(614)
Profit/(Loss) before taxation	3,524	1,176	8,504	(1,971)
Taxation	(727)	(743)	(1,689)	(1,042)
Profit/(Loss) for the financial period	2,797	433	6,815	(3,013)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss, net of tax effects:</i>				
Foreign currency translation difference	65	18	40	53
Total comprehensive income/(loss) for the financial period	2,862	451	6,855	(2,960)
Profit/(Loss) for the financial period attributable to:				
Owners of the Company	2,797	426	6,815	(3,015)
Non-controlling interests	-	7	-	2
	2,797	433	6,815	(3,013)
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	2,862	444	6,855	(2,962)
Non-controlling interests	-	7	-	2
	2,862	451	6,855	(2,960)
Earnings/(Loss) per share attributable to owners of the Company (sen) ⁽²⁾ :				
Basic / Diluted ⁽³⁾	0.48	0.07	1.17	(0.52)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

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 31 March 2023.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾**

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.03.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,519	22,486
Investment properties	1,897	-
Right-of-use assets	931	2,058
Intangible assets	42	-
Goodwill	485	485
Deferred tax assets	561	-
	35,435	25,029
Current assets		
Inventories	14,033	11,600
Trade and other receivables	56,851	42,384
Current tax assets	3,028	4,878
Short term funds	2,216	20,921
Deposits, cash and bank balances	47,521	20,028
	123,649	99,811
TOTAL ASSETS	159,084	124,840
EQUITY AND LIABILITIES		
Equity		
Share capital	36,348	36,348
Retained earnings	39,919	33,104
Foreign exchange translation reserve	105	65
	76,372	69,517
Non-controlling interests	-	-
TOTAL EQUITY	76,372	69,517
Non-current liabilities		
Lease liabilities	493	970
Bank borrowings	7,969	8,431
Deferred tax liabilities	521	782
	8,983	10,183
Current liabilities		
Trade and other payables	54,489	32,083
Bank borrowings	18,704	11,979
Lease liabilities	535	1,078
Current tax liabilities	1	-
	73,729	45,140
TOTAL LIABILITIES	82,712	55,323
TOTAL EQUITY AND LIABILITIES	159,084	124,840
Net assets per share (RM) ⁽²⁾	0.13	0.12

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 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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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

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 2022	36,348	65	33,104	69,517	-	69,517
Profit for the financial period	-	-	6,815	6,815	-	6,815
Other comprehensive income for the financial period	-	40	-	40	-	40
Total comprehensive income	-	40	6,815	6,855	-	6,855
Balance at 31 March 2023	36,348	105	39,919	76,372	-	76,372

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

	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				
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 FOURTH QUARTER ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾**

	Cumulative Quarter	
	Current Year To-Date 12 Months 31.03.2023 RM'000	Preceding Year To-Date 12 Months 31.03.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	8,504	(1,971)
Adjustments for:		
Non-cash items	4,012	3,998
Non-operating items	858	(1,150)
Interest expenses	1,323	614
Interest income	(342)	(58)
Investment income	(205)	(403)
Operating profit before working capital changes	14,150	1,030
Changes in working capital:		
Inventories	(2,442)	(1)
Trade and other receivables	(20,744)	(4,079)
Trade and other payables	19,376	4,250
Cash generated from operations	10,340	1,200
Tax paid	(1,314)	(1,702)
Tax refunded	654	434
Net cash generated from/(used in) operating activities	9,680	(68)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	342	58
Investment income received	205	403
Net placement of fixed deposits pledged with licensed banks	(14,784)	(892)
Purchases of property, plant and equipment	(5,035)	(3,202)
Purchase of intangible assets	(426)	-
Purchase of right-of-use assets	(88)	-
Proceeds from disposal of property, plant and equipment	164	96
Proceeds from disposal of other investment	-	11
Net cash used in investing activities	(19,622)	(3,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,261)	(470)
Payment for lease liabilities	(966)	(1,517)
Net drawdown of bank borrowings	7,155	6,630
Net cash generated from financing activities	4,928	4,643
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,014)	1,049
Cash and cash equivalents at beginning of the financial period	38,057	37,064
Net exchange differences	(90)	(57)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	32,953	38,056

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (Cont'd)**

	Cumulative Quarter	
	Current Year To-Date 12 Months 31.03.2023 RM'000	Preceding Year To-Date 12 Months 31.03.2022 RM'000
Cash and cash equivalents comprise:		
Short term funds	2,216	20,921
Deposits with licensed banks	17,405	5,410
Cash and bank balances	30,116	14,618
	<hr/> 49,737	<hr/> 40,949
Less:		
Bank overdraft	-	(893)
Deposits pledged to licensed banks	(16,784)	(2,000)
	<hr/> 32,953 <hr/>	<hr/> 38,056 <hr/>

Note:

(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 1 January 2024

Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
Amendments to MFRS 101, Presentation of Financial Statements – Non-Current Liabilities with Covenants

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A2 Significant Accounting Policies (Con't)

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

Effective for annual periods beginning on or after a date to be determined by the MASB Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between Investor and its Associate or Joint Venture

A3 Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 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		12 Months		12 Months	
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Malaysia ⁽¹⁾	55,077	95.5	16,273	61.9	139,687	87.8	58,947	72.9
Bangladesh ⁽²⁾	-	-	9,464	36.0	11,676	7.4	16,871	20.8
Indonesia ⁽³⁾	2,491	4.3	536	2.0	6,431	4.0	2,854	3.5
Vietnam ⁽⁴⁾	-	-	11	0.1	-	-	1,786	2.2
Pakistan	-	-	-	-	824	0.5	369	0.5
Singapore	93	0.2	-	-	467	0.3	-	-
Cambodia	-	-	6	-	-	-	43	0.1
Total	57,661	100.0	26,290	100.0	159,085	100.0	80,870	100.0

Notes:

- (1) The Group’s operations in Malaysia recorded higher revenue in the current quarter as compared to the preceding year’s quarter mainly due to higher sales generated from project deliveries, namely Osram project to a multi-national corporation’s semiconductor plant in Kulim Hi-Tech Park, Kedah, Malaysia. In the preceding year quarter, the Group’s operations in Malaysia were affected by slower project deliveries as the construction sites gradually progressed to full resumption of work after the various stages of lockdown due to the Covid-19 pandemic.
- (2) The Group did not record revenue in Bangladesh in the current quarter. The higher revenue recorded in the preceding year’s quarter was due to project deliveries for a solar power plant project.
- (3) The Group’s operations in Indonesia recorded higher revenue in the current quarter as compared to the preceding year’s quarter mainly as a result of deliveries of LV project.
- (4) The Group scaled down its operations in Vietnam due to the challenging business environment during the financial year ended 31 March 2022 (“FYE 2022”). In this regard, the Group did not generate any revenue for its Vietnam operations in the current financial period / financial year.

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.

PART A – EXPLANATORY NOTES TO THE 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 which 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 pursuant to Section 551 (3) of the Companies Act 2016 in the gazette 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 (“**IPO**”) (“**Prospectus**”). The Group expects to meet its planned capital commitments through the IPO proceeds as well as internally generated funds.

The Company had proposed to vary the utilisation of IPO proceeds (“**Second Variation**”) and extended the timeframe for utilisation of such proceeds (“**Third Extension**”), as detailed in the Company’s circular to shareholders (“**Circular**”) dated 11 August 2022. The 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		12-month ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	57,661	26,290	159,085	80,870
Profit/(Loss) before taxation	3,524	1,176	8,504	(1,971)

In the current financial quarter under review, the Group recorded a revenue of RM57.66 million and profit before taxation of RM3.52 million, as compared to a revenue and profit before taxation of RM26.29 million and RM1.18 million respectively in the corresponding financial quarter of the preceding year.

Revenue for the current financial quarter increased by 119.3% to RM57.66 million as compared with RM26.29 million in the preceding year's quarter mainly due to higher sales generated from project deliveries undertaken by the Group during the current financial quarter as compared to the preceding year's quarter, namely in Malaysia (contributing 95.5% of total revenue) and Indonesia (contributing 4.3% of total revenue). The upsurge in project sales in Malaysia was mainly due to project deliveries for Osram project to a multi-national corporation's semiconductor plant in Kulim Hi-Tech Park, Kedah, Malaysia. In the preceding year's quarter, the Group's operations were affected by slower project deliveries as the construction sites gradually progressed to full resumption of work after the various stages of lockdown measures imposed in Malaysia and other countries where the Group operates in due to the Covid-19 pandemic.

The Group recorded a gross profit margin of 15.1% in the current financial quarter (corresponding financial quarter of the preceding year: 15.4%).

In the current financial quarter, the Group has undertaken a total of 83 project deliveries, with higher value on LV switchboards and MV switchgears as compared to 110 project deliveries in the corresponding financial quarter of the preceding year.

The Group recorded a higher profit before taxation in the current financial quarter as compared to the corresponding financial quarter of the preceding year mainly due to higher revenue as explained above. However, this was partly offset by higher net impairment losses on financial assets, higher expenses incurred mainly on staff costs and write-off of intangible assets relating to the ERP system costs. After subsequent assessment, the Group has decided to scrap off the ERP system implementation due to the challenges faced with the integration of multiple different software systems. Instead, the Group has decided to upgrade the existing system to improve data management reporting to support the Group's business requirements.

In the 12-month period of the current financial period, the Group recorded a revenue of RM159.09 million and profit before taxation of RM8.5 million, as compared to a revenue and loss before taxation of RM80.87 million and RM1.97 million respectively in the preceding year's corresponding 12-month period.

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

The increase in revenue in the 12-month period ended 31 March 2023 as compared to the previous year's corresponding period was mainly due to higher value of projects delivered in the current financial year, namely on Osram project as well as higher number of projects delivered following the reopening of the economy and international borders since April 2022 post Covid-19 endemicity. In the previous year's preceding period, the Group's operations were affected by the prolonged Covid-19 restrictive lockdowns and closure of international borders. The construction, infrastructure and transportation sectors were badly affected by delays in re-opening of the sites which subsequently affected project deliveries and sales in the preceding period.

The Group recorded gross profit margin of 15.5% in the 12-month financial year ended 31 March 2023 (previous year's corresponding period: 13.2%) mainly due to higher profitability in some of the projects which were completed during the period. In the preceding year's corresponding period, the Group was affected by prolonged lockdown measures which affected production activities whilst fixed costs such as labour costs and factory overheads continued to be incurred in addition to the higher cost of materials and other input production costs.

The Group recorded a profit before taxation for the 12-month financial year ended 31 March 2023 as compared to the loss before taxation during the previous year's corresponding period mainly due to higher revenue and higher profitability of some projects completed during the financial period as explained above. However, this was partly offset by net impairment losses on financial assets, higher expenses mainly on staff costs, write-off of intangible assets relating to ERP system costs as explained above and higher finance costs incurred on trade finance charges.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter		Changes RM'000
	31.03.2023 RM'000	31.12.2022 RM'000	
Revenue	57,661	45,027	12,634
Profit before taxation	3,524	1,613	1,911

The Group's revenue for the current financial quarter increased by 28.0% to RM57.66 million as compared to RM45.03 million recorded in the immediate preceding quarter. The increase in revenue was mainly due to higher value of project deliveries on LV switchboards and MV switchgears for Osram project.

The Group recorded higher profit before taxation of RM3.52 million in the current financial quarter as compared to profit before taxation of RM1.61 million in the immediate preceding quarter mainly due to higher revenue and higher profitability of some projects completed, higher other income and lower expense mainly on staff costs. This was partly offset by net impairment losses on financial assets, write-off of intangible assets relating to ERP system costs as explained above and higher finance costs on trade finance charges.

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

While the reopening of China is beneficial to the Malaysian economy, the on-going geopolitical tension between US and China and the Russia-Ukraine geo-political situation 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) remain high due to higher market demand for raw materials and shortage of supply. This is expected to impact the Group's operations in the current financial year ending 31 March 2024.

With regard to the overseas markets, the Group will endeavour to continue growing its sales, particularly in Indonesia and Bangladesh. The Group has established an assembly plant in Indonesia through its subsidiary, PT Powerwell Listrik Indonesia, for future business growth for the Indonesian market. On customer segments, the Group will continue to focus on promising segments such as data centers, semi-conductor factories, renewal energy, hospitals and utility projects (e.g. sewerage treatment and bio-diesel plant). The Group will continue to develop additional portfolio to gain the market access and a broader range of products and solutions to the customers. In addition, the Group will increase its manufacturing and marketing activities and brand awareness in the domestic and regional markets to grow its market share.

Also, the Group will continue to intensify its cost control management measures which include, among others, reviewing the production and supply chain processes to mitigate the impact of higher raw material prices on its business profitability and to deliver higher operational efficiency.

Overall, the Group expects the business environment to remain challenging given the continued pressure from global supply chain disruptions, recessionary pressures from leading economies, rising input costs, weakening of the Malaysian ringgit and rising inflation. In this regard, the Group will continue to keep a cautiously optimistic outlook of its prospects in the current financial year ending 31 March 2024.

B4 Profit Forecast

Not applicable as no profit forecast was issued.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 3 Months 31.03.2023 RM'000	Preceding Year Quarter 3 Months 31.03.2022 RM'000	Current Year To-Date 12 Months 31.03.2023 RM'000	Preceding Year To-Date 12 Months 31.03.2022 RM'000
Income tax	1,550	626	2,512	925
Deferred tax	(823)	117	(823)	117
Tax expense	727	743	1,689	1,042
Effective tax rate	⁽¹⁾ 20.6%	⁽²⁾ 63.2%	⁽¹⁾ 19.9%	⁽³⁾ (52.9)%

Notes:

- (1) The effective tax rate is lower than the statutory tax rate mainly due to utilisation of capital allowance, reinvestment allowance and tax losses.
- (2) The higher effective tax rate was mainly due to the losses recorded by certain subsidiaries for which no deferred tax asset has been provided.

PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

- (3) The negative effective tax rate is due to the loss before taxation for the previous financial year of RM1.97 million.

B6 Status of Corporate Proposals

There are no corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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PART B – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

B7 Utilisation of Proceeds Raised from Powerwell's IPO

As at 31 May 2023 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 Second Variation ⁽¹⁾	Amount utilised as at 31 May 2023	Balance to be utilised	Revised timeframe for utilisation from the Listing Date after the Third Extension ⁽²⁾
	RM'000	RM'000	RM'000	
Capital expenditure	6,954	(6,198)	756	Within 48 months
- Purchase of machinery and equipment	5,444	(5,444)	-	
- Enhancement of ERP systems and hardware	1,510	(754)	756	
Working Capital	10,796	(10,796)	-	Within 48 months
- Purchase of materials and components	9,501	(9,501)	-	
- Marketing activities	1,295	(1,295)	-	
Listing expenses	4,100	(4,100)	-	
Total gross proceeds	21,850	(21,094)	756	

Notes:

- (1) Revised as per the Company's Circular dated 11 August 2022 and approved by the shareholders at the Company's EGM held on 26 August 2022.
- (2) Revised as per the Company's announcement to Bursa Securities dated 4 August 2022.

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

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

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

	Currency	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
<u>Secured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	441	762
Term loan	Ringgit Malaysia	7,969	8,431
		<u>8,410</u>	<u>9,193</u>
Current liabilities			
Lease liabilities	Ringgit Malaysia	389	350
Trade financing	Ringgit Malaysia	7,696	10,587
Trust receipts	Ringgit Malaysia	10,523	-
Bank overdraft	Ringgit Malaysia	-	893
Term loan	Ringgit Malaysia	485	499
		<u>19,093</u>	<u>12,329</u>
<u>Unsecured</u>			
Non-current liabilities			
Lease liabilities	Ringgit Malaysia	52	208
		<u>52</u>	<u>208</u>
Current liabilities			
Lease liabilities	Ringgit Malaysia	146	728
		<u>146</u>	<u>728</u>
Total borrowings		<u>27,701</u>	<u>22,458</u>

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 31.03.2023	Preceding Year Quarter 3 Months 31.03.2022	Current Year To-Date 12 Months 31.03.2023	Preceding Year To-Date 12 Months 31.03.2022
Profit/(Loss) for the financial period attributable to owners of the Company (RM'000)	2,797	426	6,815	(3,015)
Weighted average number of ordinary shares in issue ('000)	580,552	580,552	580,552	580,552
Basic earnings/(loss) per share (sen) ⁽¹⁾	0.48	0.07	1.17	(0.52)
Diluted earnings/(loss) per share (sen) ⁽²⁾	0.48	0.07	1.17	(0.52)

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 31.03.2023 RM'000	Preceding Year Quarter 3 Months 31.03.2022 RM'000	Current Year To-Date 12 Months 31.03.2023 RM'000	Preceding Year To-Date 12 Months 31.03.2022 RM'000
Interest expenses	255	164	1,323	614
Depreciation of property, plant and equipment	400	256	1,375	1,105
Depreciation of investment properties	3	-	3	-
Depreciation of right-of-use assets	167	309	1,106	1,259
Impairment loss on trade and other receivables	2,390	513	3,631	1,683
Intangible assets written off on ERP system costs	950	-	950	-
Inventories written off	-	26	-	1,073
Foreign exchange (gain)/loss – unrealised (net)	(181)	(28)	85	88
Loss on disposal of other investment	-	-	-	2
Rental expense of premises	236	148	236	151
Rental deposit written off	-	131	2	405
Property, plant and equipment written off	3	10	16	10
Write down of inventories	9	84	9	84
Other receivables written off	-	42	-	43
Additional sales tax undercharged in prior years	-	-	-	667
Reversal of impairment losses on trade and other receivables	(599)	(376)	(2,200)	(1,741)
Foreign exchange loss/(gain) – realised (net)	115	(184)	(307)	(223)
Interest income	(202)	(38)	(342)	(58)
Investment income	(19)	(82)	(205)	(403)
Gain on reassessment and modification of right-of-use assets	-	(3)	(7)	(1,067)
Gain on disposal of property, plant and equipment	(56)	(5)	(102)	(96)
Writeback of provision for sales tax	-	-	(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.