

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Balance Sheet as at 31 December 2009

	As at 31/12/09 RM'000	Audited As at 31/12/08 RM'000
ASSETS		
Property, plant and equipment	22,937	24,354
Investment in quoted shares	13	13
	<u>22,950</u>	<u>24,367</u>
Receivables, deposits and prepayments	5,060	4,015
Inventories	6,953	8,419
Current tax assets	233	166
Cash and cash equivalents	8,571	7,093
Total current assets	<u>20,817</u>	<u>19,693</u>
TOTAL ASSETS	<u>43,767</u>	<u>44,060</u>
EQUITY		
Share capital	56,375	56,375
Reserves	(14,870)	(15,037)
Total equity attributable to shareholders	<u>41,505</u>	<u>41,338</u>
Minority interests	8	37
	<u>41,513</u>	<u>41,375</u>
LIABILITIES		
Deferred taxation	30	17
Hire purchase creditors	329	703
Total non-current liabilities	<u>359</u>	<u>720</u>
Payables and accruals	1,197	1,018
Short term borrowings	698	947
Total current liabilities	<u>1,895</u>	<u>1,965</u>
Total liabilities	2,254	2,685
TOTAL EQUITY AND LIABILITIES	<u>43,767</u>	<u>44,060</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.74	0.73

Notes :

Due to change of financial year end from 30 April 2009 to 31 December 2008, no comparative figures are presented.

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2008.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Income Statement
For the fourth quarter ended 31 December 2009**

	3 months ended 31.12.09 RM'000	Cumulative 12 months ended 31.12.09 RM'000
Revenue	5,231	18,869
Operating (Loss) / Profit	(221)	274
Interest expense	(17)	(82)
(Loss) / Profit before taxation	(238)	192
Tax expense	8	(108)
(Loss) / Profit after taxation	(230)	84
Less : Minority Interests	(71)	(29)
(Loss) / Profit attributable to ordinary equity holders of the parent	(159)	113
Basic (loss) / profit per ordinary share (sen)	(0.28)	0.20
Dividend per ordinary share (sen)	Nil	Nil

Notes :

Due to change of financial year end from 30 April 2009 to 31 December 2008, no comparative figures are presented.

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2008.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statement of Changes in Equity
For the fourth quarter ended 31 December 2009****2009**

	Non-distributable			Total	Minority interest RM'000	Total equity
	Share Capital RM'000	Translation reserve RM'000	Accumulated Losses RM'000	RM'000		RM'000
As at 1 January 2009	56,375	(125)	(14,912)	41,338	37	41,375
Foreign currency translation	-	54	-	54	-	54
Net profit for the period	-	-	113	113	(29)	84
Balance as at 31 December 2009	<u>56,375</u>	<u>(71)</u>	<u>(14,799)</u>	<u>41,505</u>	<u>8</u>	<u>41,513</u>

Notes :

Due to change of financial year end from 30 April 2009 to 31 December 2008, no comparative figures are presented.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2008.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Cash Flow Statement
For the fourth quarter ended 31 December 2009**

	12 months ended 31.12.09 RM'000
Cash flow from operating activities	
Profit / (loss) before taxation	192
Adjustments for :-	
Non-cash items	1,375
Non-operating items	(89)
Operating profit / (loss) before changes in working capital	<u>1,478</u>
Changes in working capital	
Net change in current assets	491
Net change in current liabilities	325
Net cash flows (used in)/from operation	<u>2,294</u>
Tax paid	(216)
Tax refund	47
Interest paid	(17)
Interest received	141
Net cash (used in)/from operating activities	<u>2,249</u>
Cash flow from investing activities	
Purchase of property, plant and equipment	(248)
Proceeds from sales of property, plant and equipment	90
Acquisition of subsidiary	(2)
Interest received	46
Net cash (used in) from investing activities	<u>(114)</u>
Cash flow from financing activities	
Repayment of hire purchase	(495)
Drawdown/(Repayment) of short term borrowings	2
Interest paid	(64)
Net cash used in financing activities	<u>(557)</u>
Net change in cash and cash equivalents	<u>1,578</u>
Cash and cash equivalents at beginning of year	6,741
Effect of currency translation differences	93
	<u>6,834</u>
Cash and cash equivalents at end of year	<u>8,412</u>

Cash and cash equivalents at the end of the financial period comprises the following :-

Cash and bank balance	2,030
Short term deposits	6,541
Bank overdraft (included in the short term borrowings)	(159)
	<u>8,412</u>

Notes :

Due to change of financial year end from 30 April 2009 to 31 December 2008, no comparative figures are presented.

The Unaudited Condensed Consolidated Cash Flow should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2008.

NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

A. Explanatory notes to the interim financial report

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with the Financial Reporting Standards (“FRS”) 134 (formerly known as MASB 26), “Interim Financial Reporting” and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation adopted by the Group in this interim report are consistent with those adopted in the financial statements for the period ended 31 December 2008.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the period ended 31 December 2008.

A2. Audit report of preceding annual financial statements

The audit report of the Group’s annual financial statements for the year ended 31 December 2008 was not subject to any qualification.

A3. Seasonal or cyclical factors

The demands for the Group’s products are not subjected to cyclical factors.

A4. Unusual items

There were no items affecting the assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size, or incidence.

A5. Material changes in accounting estimates

There were no material changes in respect of amounts reported in prior interim periods of the current financial year or prior financial year that have a material effect on the current quarter.

A6. Issuance, cancellations or repayments of debt and equity securities

There were no issuance and repayments of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares during the current quarter under review.

A7. Dividend paid

No dividend was paid during the current quarter under review.

A8. Segmental information

Segmental analysis of the results and assets employed for the twelve months ended 31 December 2009 are as follows:-

	Revenue RM'000	Inter-segment Sales RM'000	Total RM'000
Manufacturing	17,150	5,114	12,036
Trading	6,935	243	6,692
Investment & Others	141	-	141
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Consolidation	24,226	5,357	18,869
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	Profit/(Loss) Before taxation RM'000	Total assets employed RM'000	
Manufacturing	456	46,444	
Trading	(239)	2,194	
Investment & Others	198	43,370	
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Elimination of inter-segment	(223)	(48,241)	
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Consolidation	192	43,767	
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A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendments from the previous annual report.

A10. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the financial period that has not been reflected in the financial statements for the period under review:

A11. Changes in composition of the Group

There were no material changes in the composition of the Group for the current quarter.

A12. Changes in contingent liabilities

The Company provided corporate guarantee for banking facilities granted to its subsidiary companies amounting to RM0.499 million as at 22 February 2010.

B. Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

A comparison of the results of current quarter ended 31 December 2009 is as follows:-

	Current Quarter ended 31/12/09 (RM'000)	Current Year to Date 01/01/09 - 31/12/09 (RM'000)
Revenue	5,231	18,869
Profit/(Loss) before taxation	(238)	192
Profit/(Loss) after taxation (before minority interest)	(230)	84
Profit/(Loss) after taxation (after minority interest)	(159)	113

The Group achieved revenue of RM5.231 million and recorded a loss before taxation and minority interest of RM0.238 million and loss after taxation and minority interest of RM0.159 million for the current quarter ended 31 December 2009. However, the Group remains profitable for the year. It chalked up profit before taxation and minority interest of RM0.192 million and profit after taxation and minority interest of RM0.113 million on the back of revenue amounting to RM18.87 million.

B2. Variation of results against preceding quarter

	Current Quarter 01/10/09-31/12/09 RM'000	Preceding Quarter 01/07/09-30/09/09 RM'000
Revenue	5,231	4,775
Profit/(loss) before taxation	(238)	97
Profit/(loss) after taxation (before minority interest)	(230)	68
Profit/(loss) after taxation (after minority interest)	(159)	70

For this quarter, the Group reported a loss after taxation but before minority interest of RM0.230 million as compared to a profit after taxation but before minority interest of RM0.068 million in the previous quarter. Although revenue increased by 9.55%, the Group reported a loss due to lower margins attributable to the higher raw material costs, weakening of USD against Ringgit coupled with fixed assets written off and allowance for doubtful debts and inventories.

B3. Next year prospects

Although revenue has picked up in the final quarter of 2009, there remain uncertainties on the general health of the global economy for the coming year. We expect the recovery to be slow paced in the first half of the year and gradually picking up towards the end of the year.

B4. Profit forecast

Not applicable as no profit forecast and no profit guarantee was published.

B5. Taxation

	3 months Ended 31.12.2009 (RM'000)	12 months ended 31.12.2009 (RM'000)
Current tax expense	(19)	97
Deferred tax expense	11	11
Total	(8)	108

B6. Unquoted Investments and properties

There were no sales of properties or investments during the current quarter under review.

B7. Quoted investments

There were no purchase or sales of quoted securities for the current quarter ended 31 December 2009.

Total investment in quoted securities as at 31 December 2009 are as follows:-

	RM'000
At cost	<u>13</u>
At book value	<u>13</u>
At market value	<u>6</u>

B8. Status of corporate proposals

There were no corporate proposals as at 22 February 2010.

B9. Borrowing and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Trust receipts	120	-	120
Overdraft	159	-	159
Hire purchase creditors	419	-	419
	<u>698</u>	<u>-</u>	<u>698</u>
Non-current			
Hire purchase creditors	329	-	329
	<u>329</u>	<u>-</u>	<u>329</u>
	<u>1,027</u>	<u>-</u>	<u>1,027</u>

The above borrowings are denominated in Ringgit Malaysia and the banking facilities are granted to subsidiaries secured against the following:-

- (a) First charge over land and buildings belonging to a subsidiary
- (b) Corporate guarantee by the holding company namely, Kumpulan Powernet Berhad and a subsidiary company.

B10. Off Balance Sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk as at 22 February 2010 save as disclosed in Note A12.

B11. Changes in material litigation

There is no material litigation pending as at 22 February 2010.

B12. Dividends

The Board does not recommend any dividend for the current period under review.

B13. Profit / (loss) per share

The calculation of basic loss per share for the current quarter under review is based on the net loss attributable to ordinary shareholders of RM0.159 million. The number of ordinary shares in issue during the current period is 56,375,000.

By Order of the Board
Chow Chooi Yoong
Company Secretary
Date : 22 February 2010