

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2010**

	<b>As at 31/12/10 RM'000</b>	<b>Audited As at 31/12/09 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	23,581	22,937
Available for sale investments	5	13
	<u>23,586</u>	<u>22,950</u>
<b>Current Assets</b>		
Receivables, deposits and prepayments	5,172	5,060
Inventories	6,103	6,953
Current tax assets	255	234
Cash and cash equivalents	8,662	8,571
	<u>20,192</u>	<u>20,818</u>
<b>TOTAL ASSETS</b>	<u><u>43,778</u></u>	<u><u>43,768</u></u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	56,375	56,375
Reserves	(14,365)	(14,870)
	<u>42,010</u>	<u>41,505</u>
<b>Non-Controlling Interest</b>	41	8
<b>Total Equity</b>	<u><u>42,051</u></u>	<u><u>41,513</u></u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	237	16
Hire purchase creditors	34	329
	<u>271</u>	<u>345</u>
<b>Current Liabilities</b>		
Payables and accruals	1,026	1,212
Short term borrowings	430	698
	<u>1,456</u>	<u>1,910</u>
<b>Total Liabilities</b>	1,727	2,255
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>43,778</u></u>	<u><u>43,768</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.75	0.74

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Income Statement  
For the fourth quarter ended 31 December 2010**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Revenue	4,770	5,231	18,554	18,869
Other income	28	40	76	61
Operating expenses	(4,449)	(5,492)	(18,171)	(18,656)
Other expenses	-	-	(499)	-
Other non-operating expenses	(1)	-	(8)	-
Operating profit / (loss)	348	(221)	(48)	274
Finance costs	(13)	(17)	(51)	(82)
Profit / (Loss) before tax	335	(238)	(99)	192
Tax expense	(32)	8	(97)	(108)
Profit / (Loss) for the period	303	(230)	(196)	84
Profit / (Loss) attributable to:				
Equity holders of the Company	304	(159)	(229)	113
Non-Controlling Interest	(1)	(71)	33	(29)
Earnings / (Loss) per share attributable to equity holders of the Company (Sen)				
Basic	0.54	(0.28)	(0.41)	0.20

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2009.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income  
For the fourth quarter ended 31 December 2010**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.10 RM'000	31.12.09 RM'000	31.12.10 RM'000	31.12.09 RM'000
Net profit / (loss) for the financial period	303	(230)	(196)	84
Other comprehensive income:				
Translation of foreign operations	(136)	2	(182)	52
Total comprehensive income for the peirod	167	(228)	(378)	136
Attributable to:				
Equity holders of the Company	171	(157)	(396)	152
Non-Controlling Interest	(4)	(71)	18	(16)
Total comprehensive income for the peirod	167	(228)	(378)	136

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with Audited Financial Statements for the year ended 31 December 2009.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statement of Changes in Equity  
For the fourth quarter ended 31 December 2010****2010**

	Non-distributable				Total RM'000	Minority interest RM'000	Total equity RM'000
	Share Capital RM'000	Other Reserves	Translation reserve RM'000	Accumulated Losses RM'000			
As at 1 January 2010	56,375	-	(71)	(14,799)	41,505	8	41,513
Net profit / (loss) for the year	-	-	-	(229)	(229)	33	(196)
Surplus on revaluation of property	-	916	-	-	916	-	916
Other comprehensive income / (expenses)	-	-	(182)	-	(182)	-	(182)
As at 31 December 2010	<u>56,375</u>	<u>916</u>	<u>(253)</u>	<u>(15,028)</u>	<u>42,010</u>	<u>41</u>	<u>42,051</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Cash Flow Statement  
For the fourth quarter ended 31 December 2010**

	<b>CUMULATIVE QUARTER</b>	
	<b>12 months ended</b>	
	<b>31.12.10</b>	<b>31.12.09</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	(99)	192
Adjustments for :-		
Non-cash items	1,818	1,375
Non-operating items	(99)	(89)
<b>Operating profit / (loss) before changes in working capital</b>	<u>1,620</u>	<u>1,478</u>
<b>Changes in working capital</b>		
Net change in current assets	253	491
Net change in current liabilities	(62)	325
<b>Net cash flows (used in)/from operation</b>	<u>1,811</u>	<u>2,294</u>
Tax paid	(126)	(216)
Tax refund	-	47
Interest paid	(8)	(17)
Interest received	104	141
<b>Net cash (used in)/from operating activities</b>	<u>1,781</u>	<u>2,249</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(973)	(248)
Proceeds from sales of property, plant and equipment	2	90
Acquisition of subsidiary	-	(2)
Interest received	73	46
<b>Net cash (used in) from investing activities</b>	<u>(898)</u>	<u>(114)</u>
<b>Cash flow from financing activities</b>		
Repayment of hire purchase	(430)	(495)
Drawdown/(Repayment) of short term borrowings	(121)	2
Interest paid	(43)	(64)
<b>Net cash used in financing activities</b>	<u>(594)</u>	<u>(557)</u>
<b>Net change in cash and cash equivalents</b>	<u>289</u>	<u>1,578</u>
<b>Cash and cash equivalents at beginning of year</b>	8,412	6,741
<b>Effect of currency translation differences</b>	(97)	93
	<u>8,315</u>	<u>6,834</u>
<b>Cash and cash equivalents at end of year</b>	<u>8,604</u>	<u>8,412</u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	1,592	2,030
Short term deposits	7,069	6,541
Bank overdraft (included in the short term borrowings)	(57)	(159)
	<u>8,604</u>	<u>8,412</u>

The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009.

**NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

**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, “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) 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 year ended 31 December 2009.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

The Group has applied the following accounting standards, amendments and interpretations that have been issued by the MASB with effect from 1 January 2010:

**FRSs, Amendments to FRS and Interpretations**

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
IC Interpretation 10	Interim Financial reporting and Impairment

The adoption of the above FRSs, IC Interpretations and Amendments to FRSs does not have any material financial effects on the financial statements of the Company.

**A2. Audit report of preceding annual financial statements**

The audit report of the Group’s annual financial statements for the year ended 31 December 2009 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 2010 are as follows:-

	<b>Revenue</b>	<b>Inter-segment</b>	<b>Total</b>
	<b>RM'000</b>	<b>Sales</b>	
		<b>RM'000</b>	<b>RM'000</b>
Manufacturing	17,825	5,933	11,892
Trading	6,836	278	6,558
Investment & Others	104	-	104
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Consolidation	24,765	6,211	18,554
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		<b>Profit/(Loss)</b>	<b>Total assets</b>
		<b>Before taxation</b>	<b>employed</b>
		<b>RM'000</b>	<b>RM'000</b>
Manufacturing		(238)	44,614
Trading		181	2,748
Investment & Others		(504)	43,359
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Elimination of inter-segment		(561)	90,721
		462	(46,943)
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Consolidation		(99)	43,778

**A9. Valuations of property, plant and equipment**

A revaluation exercise on the Group's property comprising land and building was carried out on 21 December 2010 by Mr. Long Tian Chek, Registered Valuer of Messrs. Henry Butcher Malaysia Sdn. Bhd. using the comparison method to reflect its fair value.

Arising from the exercise, a revaluation surplus of RM0.916 million (net of deferred tax RM0.230 million) was credited to equity. Surplus arising from the revaluation are dealt with in the asset revaluation reserve account after offsetting any deficit which has been previously recognized in the statement of comprehensive income for the same property. The revaluation exercise has resulted in an increase in the net assets per share of the Group by 2 sen.

**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 RM0.619 million as at 24 February 2011.



**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 2010 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year
	01/10/10 – 31/12/10 (RM'000)	01/10/09 – 31/12/09 (RM'000)	01/01/10 – 31/12/10 (RM'000)	01/01/09 – 31/12/09 (RM'000)
Revenue	4,770	5,231	18,554	18,869
Profit/(loss) before taxation	335	(238)	(99)	192
Profit/(loss) after taxation (before non-controlling interest)	303	(230)	(196)	84
Profit/(loss) after taxation (after non-controlling interest)	304	(159)	(229)	113

The Group achieved revenue of RM4.770 million and recorded a profit before taxation and non-controlling interest of RM0.335 million and profit after taxation and non-controlling interest of RM0.304 million for the current quarter ended 31 December 2010. The better performance was due to higher profit margin attributable to the increase in prices.

The Group recorded a loss before taxation of RM0.099 million and loss after taxation and non-controlling interest of RM0.229 million in the current year against previous year profit before taxation of RM0.192 million and profit after taxation and non-controlling interest of RM0.113 million. The Group attributed the losses to foreign exchange losses amounting to RM0.499 million and higher prices of yarn during the year.

**B2. Variation of results against preceding quarter**

	Current Quarter 01/10/10-31/12/10 RM'000	Preceding Quarter 01/07/10 – 30/09/10 RM'000
Revenue	4,770	4,615
Profit / (Loss) before taxation	335	(86)
Profit / (Loss) after taxation (before non-controlling interest)	303	(111)
Profit / (Loss) after taxation (after non-controlling interest)	304	(136)

For this quarter, the Group reported profit before taxation of RM0.335 million compared to loss before taxation of RM0.086 million in the preceding quarter, mainly due to higher selling prices, improved sales volume and better sales mix.

**B3. Current year prospects**

The current chaotic developments in the Middle East are a cause for concern. Any lengthy disruption is likely to have an impact on oil prices. Moreover, there is also a global shortage of nylon yarn and supplies are tight.

In view of this, we expect yarn prices to increase significantly during the first half of the year. The Group will take into account the increased cost and continue to improve efficiency to reduce wastages and costs. With these measures in place, we are optimistic of achieving satisfactory results for the year.

**B4. Profit forecast**

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

**B5. Taxation**

	<b>Individual Quarter</b> 3 months ended 31.12.2010 (RM'000)	<b>Cumulative Quarter</b> 12 months ended 31.12.2010 (RM'000)
Current tax expense	30	106
Deferred tax expense	2	(9)
Total	32	97

The effective tax rates were higher than the statutory tax rate due to the losses by certain subsidiaries.

**B6. Unquoted Investments and properties**

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

**B7. Quoted investments**

There were no purchase or disposal of quoted securities for the current quarter ended 31 December 2010.

Total investment in quoted securities as at 31 December 2010 are as follows:-

	RM'000
At cost	13
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At book value	5
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At market value	5
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**B8. Status of corporate proposals**

There were no corporate proposals as at 24 February 2011.

**B9. Borrowing and debt securities**

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Current			
Trust receipts	-	-	-
Overdraft	57	-	57
Hire purchase creditors	373	-	373
	<u>430</u>	<u>-</u>	<u>430</u>
Non-current			
Hire purchase creditors	34	-	34
	<u>34</u>	<u>-</u>	<u>34</u>
	<u>464</u>	<u>-</u>	<u>464</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 Company 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 24 February 2011 save as disclosed in Note A12.

**B11. Changes in material litigation**

There is no material litigation pending as at 24 February 2011.

**B12. Dividends**

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

**B13. Profit / (loss) per share**

The calculation of basic profit per share for the current quarter under review is based on the net profit attributable to equity holders of the Company of RM0.304 million. The number of ordinary shares in issue during the current period is 56,375,000.

**B14. Realised and unrealized profits/losses disclosure**

**As at 31 December 2010  
RM'000**

Total accumulated losses of the Company and its subsidiaries:	
- Realised	(15,021)
- Unrealised	(7)

By Order of the Board

Ho Tsae Feng  
Company Secretary  
Date : 24 February 2011