

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2011

	As at 31/12/11 RM'000	Audited As at 31/12/10 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	21,636	23,574
	<u>21,636</u>	<u>23,574</u>
Current Assets		
Receivables, deposits and prepayments	5,972	5,177
Inventories	6,722	6,103
Investment securities	4	5
Tax recoverable	287	255
Deposits placed with licensed banks	7,567	7,069
Cash and cash equivalents	782	1,593
	<u>21,334</u>	<u>20,202</u>
TOTAL ASSETS	<u><u>42,970</u></u>	<u><u>43,776</u></u>
EQUITY & LIABILITIES		
Equity attributable to owners of the parents		
Share capital	56,375	56,375
Reserves	(15,154)	(14,369)
	<u>41,221</u>	<u>42,006</u>
Non-controlling interests	(212)	41
Total Equity	<u>41,009</u>	<u>42,047</u>
Non-Current Liabilities		
Deferred taxation	232	236
Borrowings	20	34
	<u>252</u>	<u>270</u>
Current Liabilities		
Payables and accruals	1,076	1,029
Short term borrowings	633	430
	<u>1,709</u>	<u>1,459</u>
Total Liabilities	1,961	1,729
TOTAL EQUITY AND LIABILITIES	<u><u>42,970</u></u>	<u><u>43,776</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.73	0.75

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the fourth quarter ended 31 December 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/12/11	31/12/10	31/12/11	31/12/10
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	5,932	4,699	15,862	18,483
Cost of Sales	(3,853)	(3,293)	(12,066)	(12,908)
	2,079	1,406	3,796	5,575
Other income	43	26	138	76
Operating expenses	(1,119)	(948)	(5,006)	(5,184)
Forex gain/(losses)	(29)	(123)	87	(494)
Other non-operating expenses	-	-	(1)	(8)
Operating profit / (loss) from operations	974	361	(986)	(35)
Finance costs	(25)	(29)	(56)	(67)
Profit / (Loss) before taxation	949	332	(1,042)	(102)
Taxation	(22)	(31)	(78)	(96)
Profit / (Loss) for the financial period	927	301	(1,120)	(198)
Profit / (Loss) attributable to:				
Owner of the parent	985	302	(867)	(231)
Non-controlling interests	(58)	(1)	(253)	33
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	1.75	0.54	(1.54)	(0.41)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income
For the fourth quarter ended 31 December 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/12/11	31/12/10	31/12/11	31/12/10
	RM'000	RM'000	RM'000	RM'000
Net profit / (loss) for the financial year	927	301	(1,120)	(198)
Other comprehensive income/(loss):				
Revaluation of land and buildings (net of deferred tax)	-	916	-	916
Translation of foreign operations	52	(138)	81	(184)
Other comprehensive income for the financial period	52	778	81	732
Total comprehensive income for the financial period	979	1,079	(1,039)	534
Attributable to:				
Equity holders of the Company	1,043	1,121	(788)	554
Non-Controlling Interest	(64)	(42)	(251)	(20)
Total comprehensive income for the period	979	1,079	(1,039)	534

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Changes in Equity
For the fourth quarter ended 31 December 2011

	Share Capital RM'000	Non-distributable Asset Revaluation Reserves RM'000	Translation reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling interest RM'000	Total equity RM'000
As at 1 January 2011	56,375	916	(255)	(15,030)	42,006	41	42,047
Net profit / (loss) for the period	-	-	-	(867)	(867)	(253)	(1,120)
Other comprehensive income / (loss)	-	-	81	-	81	-	81
Total comprehensive income/ (loss) for the financial period	-	-	81	(867)	(786)	(253)	(1,039)
As at 31 December 2011	56,375	916	(174)	(15,897)	41,220	(212)	41,008

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

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

	Share Capital RM'000	Non-distributable Asset Revaluation Reserves RM'000	Translation reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- Controlling interest RM'000	Total equity RM'000
As at 1 January 2010	56,375	-	(71)	(14,799)	41,505	8	41,513
Net profit / (loss) for the period	-	-	-	(231)	(231)	33	(198)
Surplus on revaluation of property	-	916	-	-	916	-	916
Other comprehensive income / (loss)	-	-	(184)	-	(184)	-	(184)
Total comprehensive income/ (loss) for the financial period	-	916	(184)	(231)	501	33	534
As at 31 December 2010	56,375	916	(255)	(15,030)	42,006	41	42,047

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Cash Flow
For the fourth quarter ended 31 December 2011**

	CUMULATIVE QUARTER	
	12 months ended	
	31/12/11	31/12/10
	RM'000	RM'000
Cash flow from operating activities		
Profit / (loss) before taxation	(1,042)	(102)
Adjustments for :-		
Depreciation	1,614	1,526
Provision for doubtful debts & inventories	507	285
Non cash items	(72)	1
Non-operating items	(151)	(102)
Operating profit / (loss) before changes in working capital	<u>856</u>	<u>1,608</u>
Changes in working capital		
Net change in current assets	(1,865)	445
Net change in current liabilities	44	(182)
Net cash flows (used in)/from operation	<u>(965)</u>	<u>1,871</u>
Tax paid	(142)	(127)
Tax refund	27	-
Interest paid	(30)	(33)
Interest received	117	104
Net cash (used in)/from operating activities	<u>(993)</u>	<u>1,815</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	(218)	(957)
Proceeds from sales of property, plant and equipment	656	2
Interest received	90	73
Net cash (used in) from investing activities	<u>528</u>	<u>(882)</u>
Cash flow from financing activities		
Repayment of hire purchase	(391)	(429)
Drawdown/(Repayment) of short term borrowings	454	(120)
Interest paid	(26)	(34)
Net cash used in financing activities	<u>37</u>	<u>(583)</u>
Net change in cash and cash equivalents	<u>(428)</u>	<u>350</u>
Cash and cash equivalents at beginning of year	8,605	8,412
Effect of currency translation differences	64	(157)
	<u>8,669</u>	<u>8,255</u>
Cash and cash equivalents at end of year	<u>8,241</u>	<u>8,605</u>
Cash and cash equivalents at the end of the financial period comprises the following :-		
Cash and bank balance	781	1,593
Short term deposits	7,567	7,069
Bank overdraft (included in the short term borrowings)	(107)	(57)
	<u>8,241</u>	<u>8,605</u>

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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 financial year ended 31 December 2010.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

The Group has applied the following accounting standards, amendments and interpretations that have been issued by the MASB with effect from 1 January 2011:

FRSs, Amendments to FRS and IC Interpretations

FRS 1(Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combinations
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment
Amendments to FRS 3	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 7	Financial Instruments Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rate
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

Other than the effect of the application of FRS 3 (Revised) and FRS 127 (Revised) described below, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application:

A1. Basis of preparation (continued)

Revised FRS 3 Business Combinations and Amendment to FSS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amendments to FRS 127 require all losses attributable to minority interest to be absorbed by minority interest. Any excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Profit or loss attributable to non-controlling for prior years is not restated. Other consequential amendments have been made to FRS 107 Statement of Cash Flow, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

A2. Audit report of preceding annual financial statements

The audited financial statements for the financial year ended 31 December 2010 were 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 2011 are as follows:-

	Revenue	Inter-segment	Total
	RM'000	Sales	RM'000
		RM'000	
Manufacturing	15,862	3,015	12,847
Trading	3,060	162	2,898
Investment & Others	117	-	117
Consolidation	19,039	3,177	15,862

	Profit / (Loss)	Total assets
	before taxation	employed
	RM'000	RM'000
Manufacturing	(456)	44,054
Trading	(487)	1,095
Investment & Others	(1,494)	42,626
Elimination of inter-segment	(2,437)	87,775
	1,395	(44,805)
Consolidation	(1,042)	42,970

A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the financial year ended 31 December 2010.

A10. Material events subsequent to the end of the financial period

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 financial period.

A12. Changes in contingent liabilities

The Company provided corporate guarantee for banking facilities granted to its subsidiary companies amounting to RM0.451 million as at 27 February 2012.

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

B1. Review of performance

A comparison of the results of current quarter ended 31 December 2011 is as follows:-

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/10/11 - 31/12/11 (RM'000)	01/10/10 - 31/12/10 (RM'000)	01/01/11 - 31/12/11 (RM'000)	01/01/10 - 31/12/10 (RM'000)
Revenue	5,932	4,699	15,862	18,483
Profit/(Loss) before taxation	949	332	(1,042)	(102)
Profit/(Loss) after taxation (before non-controlling interest)	927	301	(1,120)	(198)
Profit/(Loss) after taxation (after non-controlling interest)	985	302	(867)	(231)

An analysis of the above results based on the operating segments are as follows:

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/10/11 - 31/12/11 (RM'000)	01/10/10 - 31/12/10 (RM'000)	01/01/11 - 31/12/11 (RM'000)	01/01/10 - 31/12/10 (RM'000)
Revenue				
- Manufacturing	5,391	2,920	12,847	11,821
- Trading	506	1,747	2,898	6,558
- Investment	35	32	117	104
	5,932	4,699	15,862	18,483

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/10/11 - 31/12/11 (RM'000)	01/10/10 - 31/12/10 (RM'000)	01/01/11 - 31/12/11 (RM'000)	01/01/10 - 31/12/10 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	1,107	231	(503)	(239)
- Trading	(80)	16	(481)	180
- Investment	(78)	85	(58)	(43)
	949	332	(1,042)	(102)

B1. Review of performance (continued)

For the current quarter, the Group recorded higher sales from manufacturing segment as compared to the preceding year corresponding period to RM5.391 million, an increase of 84.6%. However, revenue from trading declined substantially by 71% to RM0.506 million. There were no material changes from the investment segment. Overall, the Group still achieved higher revenue of RM5.932 million, an increase of 26.2%.

For the year, revenue from manufacturing was also higher at RM12.847 million as compared to last year at RM11.821 million, an increase of 8.7%. Revenue from trading suffered a dip, declining 55.8% to RM2.898 million. Slight increase in revenue was noted from the investment segment.

Overall, Group revenue declined by 14.2% to RM15.862 million. The lower revenue was attributable to poor contribution from trading segment in United Kingdom as demand for our products was slow due to the Eurozone debts crisis.

In line with the higher revenue, the manufacturing segment posted higher pre-tax profits, contributing RM1.107 million for the current quarter as compared to RM0.231 million in the corresponding period of the preceding year. Due to the decline in revenue, trading segment posted a loss of RM0.08 million as compared to a profit of RM0.016 in the corresponding period last year. Investment segment posted a loss of RM0.078 million due to unrealized losses from foreign exchange. Overall, the Group recorded higher pre-tax profits of RM0.949 million as compared to RM0.332 million. The better performance is attributable to higher sales, favourable sales mix and stable raw material prices.

While performance for the current quarter was good, all segments for the year performed worse than last year. Losses of RM0.503 million, RM0.481 million and RM0.058 million were contributed from manufacturing, trading and investment respectively. The higher losses were attributable to lower sales and higher raw material prices that eroded profit margin during the first and second quarters of the year.

B2. Variation of results against preceding quarter

	Current Quarter 01/10/11 - 31/12/11 (RM'000)	Preceding Quarter 01/07/11 - 30/09/11 (RM'000)
Revenue	5,932	3,610
Profit/(Loss) before taxation	949	(243)
Profit/(Loss) after taxation (before non-controlling interest)	927	(260)
Profit/(Loss) after taxation (after non-controlling interest)	985	(175)

B2. Variation of results against preceding quarter (continued)

Below is the analysis of the results based on the operating segments of the Group:

	Current Quarter 01/10/11 - 31/12/11 (RM'000)	Preceding Quarter 01/07/11 - 30/09/11 (RM'000)
Revenue		
- Manufacturing	5,391	3,405
- Trading	506	180
- Investment	35	25

	Current Quarter 01/10/11 - 31/12/11 (RM'000)	Preceding Quarter 01/07/11 - 30/09/11 (RM'000)
Profit/(Loss) before taxation		
- Manufacturing	1,107	(76)
- Trading	(80)	(148)
- Investment	(78)	(19)

For the current quarter, the Group recorded higher revenue in all segments as compared to the preceding quarter. Manufacturing revenue increased by 58.3% while trading and investment revenue increased by 181.1% and 40% respectively. The higher revenue was due to higher sales in laminated products and curtain screen fabrics. In line with the increased revenue, the performance of the Group improved with manufacturing recording pre-tax profits of RM1.107 million from a loss of RM0.076 million. Trading trimmed its losses from RM0.148 million to RM0.080 million. Losses from investment increased due to unrealized loss from foreign exchange.

Overall, the Group performed commendably for the quarter with pre-tax profits of RM0.949 million.

B3. Prospects

The Group is expected to operate in a challenging environment in 2012 given the uncertainties arising from the Eurozone sovereign debts crisis.

However, with the orders in hand and barring any unforeseen circumstances, the Group is optimistic that the Group's financial performance will be satisfactory in the coming quarter.

B4. Profit forecast

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

B5. Taxation

	Individual Quarter 3 months ended 31/12/11 (RM'000)	Cumulative Quarter 12 months ended 31/12/11 (RM'000)
Current tax expense	23	82
Deferred tax expense	(1)	(4)
Total	22	78

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 2011.

Total investment in quoted securities as at 31 December 2011 are as follows:-

	RM'000
At cost	13
Impairment loss	(8)
Fair value loss recognised in profit or loss	(1)
	<hr/>
At carrying amount	4
	<hr/> <hr/>
At market value	4
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B8. Status of corporate proposals

There were no corporate proposals as at 27 February 2012.

B9. Borrowing and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bankers Acceptance	454	-	454
Overdraft	107	-	107
Hire purchase creditors	72	-	72
	<hr/> 633	<hr/> -	<hr/> 633
Non-current			
Hire purchase creditors	20	-	20
	<hr/> 20	<hr/> -	<hr/> 20
	<hr/> 653	<hr/> -	<hr/> 653

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. Financial instruments

a) Derivatives

The Group does not have any outstanding derivatives as at the date of this report.

b) Gain/Loss arising from fair value changes in financial liabilities

There were no gain/loss arising from the fair value changes in financial liabilities for the current financial period.

B11. Changes in material litigation

There is no material litigation pending as at 27 February 2012.

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 owners of the parent of RM0.985 million. The number of ordinary shares in issue during the current period is 56,375,000.

B14. Realised and unrealized profits/losses disclosure

The breakdown of the retained profits / (accumulated losses) of the Group as at 31 December 2011, into realized and unrealized profits is as follows:

	Current Quarter	Preceding Quarter
	31/12/11	30/09/11
	(RM'000)	(RM'000)
- Realised losses	(29,411)	(30,584)
- Unrealised	(4)	(114)
	<hr/>	<hr/>
	(29,415)	(30,698)
Add : Consolidation adjustments	13,518	13,672
	<hr/>	<hr/>
	(15,897)	(17,026)
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By Order of the Board

Ho Tsae Feng
Company Secretary
Date : 27 February 2012