

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position as at 30 Sept 2012**

	<b>As at 30/09/12 RM'000</b>	<b>Audited As at 31/12/11 RM'000</b>	<b>As at 01/01/11 RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	20,629	21,636	23,574
	<u>20,629</u>	<u>21,636</u>	<u>23,574</u>
<b>Current Assets</b>			
Receivables, deposits and prepayments	2,407	5,972	5,177
Inventories	6,443	6,667	6,103
Investment securities	5	4	5
Tax recoverable	310	288	255
Deposits placed with licensed banks	9,656	7,567	7,069
Cash and cash equivalents	1,358	782	1,593
	<u>20,179</u>	<u>21,280</u>	<u>20,202</u>
<b>TOTAL ASSETS</b>	<u>40,808</u>	<u>42,916</u>	<u>43,776</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity attributable to owners of the parents</b>			
Share capital	56,375	56,375	56,375
Reserves	(16,346)	(15,199)	(14,369)
	<u>40,029</u>	<u>41,176</u>	<u>42,006</u>
<b>Non-controlling interests</b>	(317)	(223)	41
<b>Total Equity</b>	<u>39,712</u>	<u>40,953</u>	<u>42,047</u>
<b>Non-Current Liabilities</b>			
Deferred taxation	231	232	236
Borrowings	-	20	34
	<u>231</u>	<u>252</u>	<u>270</u>
<b>Current Liabilities</b>			
Payables and accruals	835	1,078	1,029
Short term borrowings	30	633	430
	<u>865</u>	<u>1,711</u>	<u>1,459</u>
<b>Total Liabilities</b>	1,096	1,963	1,729
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>40,808</u>	<u>42,916</u>	<u>43,776</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.71	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 2011.

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
**For the third quarter ended 30 September 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30/09/12	30/09/11	30/09/12	30/09/11
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	1,481	3,610	10,249	9,930
Cost of Sales	(1,792)	(2,786)	(7,979)	(8,229)
	(311)	824	2,270	1,701
Other income	34	-	126	95
Administrative expenses	(1,076)	(1,079)	(3,197)	(3,411)
Distribution expenses	(61)	(158)	(226)	(460)
Forex gain/(losses)	(157)	179	(184)	116
Other non-operating expenses	-	-	-	(1)
Operating profit / (loss) from operations	(1,571)	(234)	(1,211)	(1,960)
Finance costs	(7)	(9)	(31)	(31)
Profit / (Loss) before taxation	(1,578)	(243)	(1,242)	(1,991)
Taxation	-	(17)	(15)	(56)
Profit / (Loss) for the financial period	(1,578)	(260)	(1,257)	(2,047)
Profit / (Loss) attributable to:				
Owner of the parent	(1,535)	(175)	(1,163)	(1,852)
Non-controlling interests	(43)	(85)	(94)	(195)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(2.72)	(0.31)	(2.06)	(3.29)

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 2011.

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
**For the third quarter ended 30 September 2012**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30/09/12	30/09/11	30/09/12	30/09/11
	RM'000	RM'000	RM'000	RM'000
Net profit / (loss) for the financial period	(1,578)	(260)	(1,257)	(2,047)
Other comprehensive income/(loss):				
Translation of foreign operations	10	102	16	29
Other comprehensive income for the financial period	10	102	16	29
Total comprehensive income for the financial period	(1,568)	(158)	(1,241)	(2,018)
Attributable to:				
Equity holders of the Company	(1,525)	(80)	(1,147)	(1,831)
Non-Controlling Interest	(43)	(78)	(94)	(187)
Total comprehensive income for the period	(1,568)	(158)	(1,241)	(2,018)

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 2011.

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the third quarter ended 30 September 2012**

	← Non-distributable →			Distributable	Total	Non- Controlling interest	Total equity
	Share Capital RM'000	Asset Revaluation Reserves RM'000	Translation reserve RM'000	Accumulated Losses RM'000	RM'000	RM'000	RM'000
As at 1 January 2012	56,375	916	(173)	(15,942)	41,176	(223)	40,953
Net profit / (loss) for the period	-	-	-	(1,163)	(1,163)	(94)	(1,257)
Other comprehensive income / (loss)	-	-	16	-	16	-	16
Total comprehensive income/ (loss) for the financial period	-	-	16	(1,163)	(1,147)	(94)	(1,241)
As at 30 September 2012	56,375	916	(157)	(17,105)	40,029	(317)	39,712

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 2011.

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the third quarter ended 30 Sept 2011**

	← Non-distributable →			Distributable	Total	Non- Controlling interest	Total equity
	Share Capital RM'000	Asset Revaluation Reserves RM'000	Translation reserve RM'000	Accumulated Losses RM'000	RM'000	RM'000	RM'000
As at 1 January 2011	56,375	916	(255)	(15,030)	42,006	41	42,047
Net profit / (loss) for the period	-	-	-	(1,852)	(1,852)	(195)	(2,047)
Other comprehensive income / (loss)	-	-	29	-	29	-	29
Total comprehensive income/ (loss) for the financial period	-	-	29	(1,852)	(1,823)	(195)	(2,018)
As at 30 June 2011	56,375	916	(226)	(16,882)	40,183	(154)	40,029

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 2011.

**KUMPULAN POWERNET BERHAD**  
(Company No. 419227-X)

**Unaudited Condensed Consolidated Statements of Cash Flow**  
**For the third quarter ended 30 September 2012**

	<b>CUMULATIVE QUARTER</b>	
	<b>9 months ended</b>	
	<b>30/09/12</b>	<b>30/09/11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
(Loss) before taxation	(1,242)	(1,991)
Adjustments for :-		
Depreciation	1,183	1,220
Impairment loss on investment	(1)	1
Write down of inventories	(1)	327
Unrealised (gain)/loss on foreign exchange	184	(120)
(Reversal)/Provision of impairment loss on receivables	-	17
Loss/(Gain) on disposal of property, plant and equipment	-	(20)
Interest income	(171)	(136)
Interest expense	27	31
<b>Operating profit / (loss) before changes in working capital</b>	<u>(21)</u>	<u>(671)</u>
<b>Changes in working capital</b>		
Inventories	225	(660)
Receivables	3,380	1,415
Payables	(240)	520
<b>Net cash flows (used in)/from operation</b>	<u>3,344</u>	<u>604</u>
Tax paid	(39)	(113)
Interest paid	(24)	(15)
Interest received	86	82
<b>Net cash (used in)/from operating activities</b>	<u>3,367</u>	<u>558</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(189)	(38)
Proceeds from sales of property, plant and equipment	-	656
Interest received	85	54
<b>Net cash (used in) from investing activities</b>	<u>(104)</u>	<u>672</u>
<b>Cash flow from financing activities</b>		
Repayment of hire purchase	(63)	(371)
Drawdown/(Repayment) of short term borrowings	(454)	105
Interest paid	(3)	(16)
<b>Net cash used in financing activities</b>	<u>(520)</u>	<u>(282)</u>
Effect of exchange rate changes	29	(83)
<b>Net change in cash and cash equivalents</b>	2,772	865
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>8,242</u>	<u>8,605</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u><u>11,014</u></u>	<u><u>9,470</u></u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	1,358	946
Short term deposits	9,656	8,524
Bank overdraft (included in the short term borrowings)	-	-
	<u><u>11,014</u></u>	<u><u>9,470</u></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 2011.

**NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

**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 2011.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRSs 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate (“Transitioning Entities”)*. The Transitioning Entities are given an option to defer adoption of the MFRSs Framework for an additional one year. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs Framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not Transitioning Entities are required to adopt the MFRSs Framework effective from 1 January 2012.

The adoption of the MFRSs does not have significant impact on the interim financial statements of the Group.

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

The audited financial statements for the financial year ended 31 December 2011 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 nine months ended 30 September 2012 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	10,312	1,194	9,118
Trading	1,366	321	1,045
Investment & Others	135	49	86
Consolidation	11,813	1,564	10,249
		<b>Profit / (Loss)</b>	<b>Total assets</b>
		<b>before taxation</b>	<b>employed</b>
		<b>RM'000</b>	<b>RM'000</b>
Manufacturing		(1,087)	42,148
Trading		(102)	825
Investment & Others		(47)	41,720
		(1,236)	84,693
Elimination of inter-segment		(6)	(43,885)
Consolidation		(1,242)	40,808

**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 2011.

**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 RM0.112 million as at 28 November 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 30 September 2012 is as follows:-

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/07/12 - 30/09/12 (RM'000)	01/07/11 - 30/09/11 (RM'000)	01/01/12 - 30/09/12 (RM'000)	01/01/11 - 30/09/11 (RM'000)
Revenue	1,481	3,610	10,249	9,930
Profit/(Loss) before taxation	(1,578)	(243)	(1,242)	(1,991)
Profit/(Loss) after taxation (before non-controlling interest)	(1,578)	(260)	(1,257)	(2,047)
Profit/(Loss) after taxation (after non-controlling interest)	(1,535)	(175)	(1,163)	(1,852)

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
	01/07/12 - 30/09/12 (RM'000)	01/07/11 - 30/09/11 (RM'000)	01/01/12 - 30/09/12 (RM'000)	01/01/11 - 30/09/11 (RM'000)
Revenue				
- Manufacturing	1,403	3,405	9,118	7,456
- Trading	43	180	1,045	2,392
- Investment	35	25	86	82
	1,481	3,610	10,249	9,930

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/07/12 - 30/09/12 (RM'000)	01/07/11 - 30/09/11 (RM'000)	01/01/12 - 30/09/12 (RM'000)	01/01/11 - 30/09/11 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(1,476)	(76)	(1,087)	(1,610)
- Trading	(107)	(148)	(108)	(401)
- Investment	5	(19)	(47)	20
	(1,578)	(243)	(1,242)	(1,991)

## **B1. Review of performance (continued)**

For the current quarter, the Group recorded lower revenue of RM1.481 million as compared to the preceding year corresponding period, a decrease of 58.98%. The decline was mainly attributable to lower revenue of RM1.403 million from the manufacturing segment for the current quarter, a decrease of 58.8% due to poor demand for our products as worldwide sales declined bearing the brunt of the Eurozone debts crisis. Revenue from trading was lower by 76.11% while the investment segment revenue increased by 40%.

For the financial period ended 30 September 2012, the Group recorded higher revenue of RM10.249 million as compared to preceding year corresponding period, an increase of 3.21%. Revenue derived from manufacturing segment was higher at RM9.118 million as compared to RM7.456 million in the preceding year corresponding period. The higher revenue from the manufacturing segment was attributable to higher sales in laminated products and warp-knitted fabrics. For the trading segment, there was a decline in revenue by 56.31% to RM1.045 million as compared to last year corresponding period due to lower sales contributed largely by the sluggish demand for our products in Europe. For the investment segment, revenue increased by 4.88% to RM0.086 million as compared to last year corresponding period.

The loss before taxation of the Group for the current quarter of RM1.578 million was higher as compared to RM0.243 million in the same period last year. The manufacturing segment posted higher loss of RM1.476 million for the current quarter as compared to loss of RM0.076 million in the corresponding period last year due to lower revenue. In spite of lower revenue, the trading segment recorded lower loss before taxation of RM0.107 million due to lower operational costs. The investment segment posted profit of RM0.005 million.

For the financial period ended 30 September 2012, the Group reported loss before taxation of RM1.242 million as compared to loss before taxation of RM1.991 million recorded in the preceding year corresponding period. The manufacturing segment posted lower pre-tax loss at RM1.087 million as compared to loss of RM1.610 million in the corresponding period last year due to higher revenue. The trading segment reported lower loss before taxation of RM0.108 million as compared to loss before taxation of RM0.401 million in the preceding year corresponding period, mainly attributable to costs cutting measure to mitigate the impact arising from the economic slow down in Europe region. For the investment segment, loss before taxation of RM0.047 million was reported as compared to profit of RM0.020 million in the preceding year corresponding period.

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

A comparison of the results of the current quarter ended 30 September 2012 against the preceding quarter is as follows:

	<b>Current Quarter 01/07/12 - 30/09/12 (RM'000)</b>	<b>Preceding Quarter 01/04/12 - 30/06/12 (RM'000)</b>
Revenue	1,481	3,036
Profit/(Loss) before taxation	(1,578)	(566)
Profit/(Loss) after taxation (before non-controlling interest)	(1,578)	(566)
Profit/(Loss) after taxation (after non-controlling interest)	(1,535)	(564)

**B2. Variation of results against preceding quarter (continued)**

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

	<b>Current Quarter 01/07/12 - 30/09/12 (RM'000)</b>	<b>Preceding Quarter 01/04/12 - 30/06/12 (RM'000)</b>
Revenue		
- Manufacturing	1,403	2,378
- Trading	43	633
- Investment	35	25

	<b>Current Quarter 01/07/12 - 30/09/12 (RM'000)</b>	<b>Preceding Quarter 01/04/12 - 30/06/12 (RM'000)</b>
Profit/ (Loss) before taxation		
- Manufacturing	(1,476)	(592)
- Trading	(107)	71
- Investment	5	(45)

The Group recorded lower revenue of RM1.481 million for the current quarter as compared to RM3.036 million in the preceding quarter. In line with the lower revenue, the Group reported pre-tax losses of RM1.578 million for the current quarter.

For the current quarter, revenue for manufacturing and trading segment is substantially lower than previous quarter and contribution from investment segment has marginally increased.

Manufacturing segment reported loss before taxation of RM1.476 million as compared to loss before taxation of RM0.592 million in the preceding quarter due to lower sales in laminated products. For the trading segment, it reported loss before taxation of RM0.107 million as compared to profit before taxation of RM0.071 million in the previous quarter mainly due to lower revenue. The investment segment reported profit before taxation of RM0.005 million as compared to loss before taxation of RM0.045 million in the previous quarter.

**B3. Prospects**

The Group's performance has dipped in the third quarter due to the poorer demand for our products amidst economic uncertainties prevailing in Europe. The conditions are expected to prevail until the end of the year and any reversal in trend is only likely to be in the first quarter of the next financial year.

Thus, we expect the rest of the year to be very challenging for the Group.

**B4. Profit forecast**

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

**B5. Taxation**

B5. Taxation

	<b>Individual Quarter 3 months ended 30/09/12 (RM'000)</b>	<b>Cumulative Quarter 9 months ended 30/09/12 (RM'000)</b>
Current tax expense	-	16
Deferred tax expense	-	(1)
Total	<u>-</u>	<u>15</u>

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

**B6. Status of corporate proposals**

There were no corporate proposals as at 28 November 2012.

**B7. Borrowing and debt securities**

	<b>Secured (RM'000)</b>	<b>Unsecured (RM'000)</b>	<b>Total (RM'000)</b>
<b>Current liabilities</b>			
- Hire purchase liabilities	30	-	30
- Bank borrowings	-	-	-
	<u>30</u>	<u>-</u>	<u>30</u>

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

- (a) Ownership of the Equipment belonging to a subsidiary.
- (b) Corporate guarantee by the Company and subsidiary companies.

**B8. 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.

**B9. Changes in material litigation**

There is no material litigation pending as at 28 November 2012.

**B10. Dividends**

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

**B11. Profit / (loss) per share**

The calculation of basic profit per share for the current quarter under review is based on the net loss attributable to owners of the parent of RM1.535 million. The number of ordinary shares in issue during the current period is 56,375,000.

**B12. Realised and unrealised profits/losses disclosure**

The breakdown of the retained profits / (accumulated losses) of the Group as at 30 September 2012, into realised and unrealised losses is as follows:

	<b>Current Quarter 30/09/12 (RM'000)</b>	<b>Preceding Quarter 30/06/12 (RM'000)</b>
Realised losses	(30,728)	(29,120)
Unrealised	(43)	(1)
	<hr/>	<hr/>
	(30,771)	(29,121)
Add: Consolidation adjustments	13,666	13,551
	<hr/>	<hr/>
	(17,105)	(15,570)
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By Order of the Board

Ho Tsae Feng  
Company Secretary  
Date : 28 November 2012