

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 31 March 2013

	As at 31/03/13 RM'000	Audited As at 31/12/12 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	19,861	20,232
	<u>19,861</u>	<u>20,232</u>
Current Assets		
Receivables, deposits and prepayments	2,468	2,412
Inventories	5,213	5,651
Investment securities	6	6
Tax recoverable	304	351
Deposits placed with licensed banks	8,431	8,696
Cash and cash equivalents	1,080	1,492
	<u>17,502</u>	<u>18,608</u>
TOTAL ASSETS	<u><u>37,363</u></u>	<u><u>38,840</u></u>
EQUITY & LIABILITIES		
Equity attributable to owners of the parents		
Share capital	56,375	56,375
Reserves	(19,628)	(18,210)
	<u>36,747</u>	<u>38,165</u>
Non-controlling interests	(455)	(380)
Total Equity	<u>36,292</u>	<u>37,785</u>
Non-Current Liabilities		
Deferred taxation	232	232
	<u>232</u>	<u>232</u>
Current Liabilities		
Payables and accruals	832	735
Short term borrowings	7	88
	<u>839</u>	<u>823</u>
Total Liabilities	1,071	1,055
TOTAL EQUITY AND LIABILITIES	<u><u>37,363</u></u>	<u><u>38,840</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.65	0.68

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 2012.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the first quarter ended 31 March 2013

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31/03/13 RM'000	31/03/12 RM'000	31/03/13 RM'000	31/03/12 RM'000
Continuing operations				
Revenue	1,423	5,732	1,423	5,732
Cost of Sales	(2,016)	(3,403)	(2,016)	(3,403)
	(593)	2,329	(593)	2,329
Other income	20	26	20	26
Administrative expenses	(890)	(1,085)	(890)	(1,085)
Distribution expenses	(51)	(179)	(51)	(179)
Forex gain/(losses)	(4)	(174)	(4)	(174)
Other non-operating expenses	-	1	-	1
Operating profit / (loss) from operations	(1,518)	918	(1,518)	918
Finance costs	(2)	(16)	(2)	(16)
Profit / (Loss) before taxation	(1,520)	902	(1,520)	902
Taxation	4	(15)	4	(15)
Profit / (Loss) for the financial period	(1,516)	887	(1,516)	887
Profit / (Loss) attributable to:				
Owner of the parent	(1,435)	936	(1,435)	936
Non-controlling interests	(81)	(49)	(81)	(49)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(2.55)	1.66	(2.55)	1.66

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 2012.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the first quarter ended 31 March 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31/03/13 RM'000	31/03/12 RM'000	31/03/13 RM'000	31/03/12 RM'000
Net profit / (loss) for the financial period	(1,516)	887	(1,516)	887
Other comprehensive income/(loss):				
Translation of foreign operations	17	(34)	17	(34)
Other comprehensive income for the financial period	17	(34)	17	(34)
Total comprehensive income for the financial period	(1,499)	853	(1,499)	853
Attributable to:				
Equity holders of the Company	(1,424)	896	(1,424)	896
Non-Controlling Interest	(75)	(43)	(75)	(43)
Total comprehensive income for the period	(1,499)	853	(1,499)	853

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 2012.

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Changes in Equity For the first quarter ended 31 March 2013

	← Non-distributable →			Distributable	Total	Non-Controlling Interest	Total Equity
	Share Capital	Asset Revaluation Reserves	Translation Reserve				
	RM'000	RM'000	RM'000	Accumulated Losses RM'000	RM'000	RM'000	RM'000
As at 1 January 2013	56,375	916	(204)	(18,922)	38,165	(380)	37,785
Net profit / (loss) for the period	-	-	-	(1,435)	(1,435)	(81)	(1,516)
Other comprehensive income / (loss)	-	-	17	-	17	6	23
Total comprehensive income / (loss) for the financial period	-	-	17	(1,435)	(1,418)	(75)	(1,493)
As at 31 March 2013	56,375	916	(187)	(20,357)	36,747	(455)	36,292

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 2012.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Changes in Equity
For the first quarter ended 31 March 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	-	-	-	936	936	(49)	887
Other comprehensive income / (loss)	-	-	(34)	-	(34)	-	(34)
Total comprehensive income/ (loss) for the financial period	-	-	(34)	936	902	(49)	853
As at 31 March 2012	56,375	916	(207)	(15,006)	42,078	(272)	41,806

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 2012.

KUMPULAN POWERNET BERHAD
(Company No. 419227-X)

Unaudited Condensed Consolidated Statements of Cash Flow
For the first quarter ended 31 March 2013

	CUMULATIVE QUARTER	
	3 months ended	
	31/03/13	31/03/12
	RM'000	RM'000
Cash flow from operating activities		
Profit/(Loss) before taxation	(1,520)	902
Adjustments for :-		
Depreciation	370	394
Unrealised loss on foreign exchange	4	40
Reversal of impairment loss on receivables	-	(1)
Interest income	(42)	(48)
Interest expense	2	15
Operating profit / (loss) before changes in working capital	<u>(1,186)</u>	<u>1,302</u>
Changes in working capital		
Inventories	437	(108)
Receivables	(57)	87
Payables	96	114
Net cash flows (used in)/from operation	<u>(710)</u>	<u>1,395</u>
Tax paid	(25)	(25)
Tax refund	76	-
Interest paid	(2)	(14)
Interest received	25	26
Net cash (used in)/from operating activities	<u>(636)</u>	<u>1,382</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(20)
Interest received	17	22
Net cash from investing activities	<u>17</u>	<u>2</u>
Cash flow from financing activities		
Interest paid	-	(1)
Fixed deposit held as security value	(2,000)	-
Repayment of hire purchase	(13)	(21)
Repayment of short term borrowings	(68)	(454)
Net cash (used in) financing activities	<u>(2,081)</u>	<u>(476)</u>
Net change in cash and cash equivalents	<u>(2,700)</u>	<u>908</u>
Cash and cash equivalents at beginning of financial period	10,188	8,242
Effect of currency translation differences	23	(13)
	<u>10,211</u>	<u>8,229</u>
Cash and cash equivalents at end of financial period	<u>7,511</u>	<u>9,137</u>
Cash and cash equivalents at the end of the financial period comprises the following :-		
Cash and bank balance	1,080	1,130
Short term deposits	8,431	8,007
	<u>9,511</u>	<u>9,137</u>
Less: Fixed deposits held as security value	(2,000)	-
	<u>7,511</u>	<u>9,137</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 2012.

KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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 2012.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

A2. Audit report of preceding annual financial statements

The audited financial statements for the financial year ended 31 December 2012 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 three months ended 31 March 2013 are as follows:-

	Revenue	Inter-segment	Total
	RM'000	Sales	
		RM'000	RM'000
Manufacturing	1,438	207	1,231
Trading	180	13	167
Investment & Others	41	16	25
Consolidation	1,659	236	1,423
		Profit / (Loss)	Total assets
		before taxation	employed
		RM'000	RM'000
Manufacturing		(1,428)	31,312
Trading		(231)	653
Investment & Others		(11)	37,643
		(1,670)	69,608
Elimination of inter-segment		150	(32,245)
Consolidation		(1,520)	37,363

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 2012.

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 RM0.121 million as at 28 May 2013.

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 March 2013 is as follows:-

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)
Revenue	1,423	5,732	1,423	5,732
Profit/(Loss) before taxation	(1,520)	902	(1,520)	902
Profit/(Loss) after taxation (before non-controlling interest)	(1,516)	887	(1,516)	887
Profit/(Loss) after taxation (after non-controlling interest)	(1,435)	936	(1,435)	936

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
	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)
Revenue				
- Manufacturing	1,231	5,337	1,231	5,337
- Trading	167	369	167	369
- Investment	25	26	25	26
	1,423	5,732	1,423	5,732

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/12 - 31/03/12 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(1,428)	981	(1,428)	981
- Trading	(81)	(72)	(81)	(72)
- Investment	(11)	(7)	(11)	(7)
	(1,520)	902	(1,520)	902

B1. Review of performance (continued)Revenue

The Group recorded lower revenue of RM1.423 million as compared to the preceding year corresponding period, a decrease of 75.2%. The decline was mainly attributable to lower revenue of RM1.231 million from the manufacturing segment, a decrease of 76.9% due to poor demand for our products as the problem in the Eurozone continue to persist having a big impact on retail spending. This has resulted in a reduction in orders from customers as they have over-stocked and is consolidating their position. Revenue from trading was lower by 54.7% while the investment segment revenue was slightly lower by 0.04%.

Profit/(Loss) before taxation

The Group reported loss before taxation of RM1.520 million as compared to profit before taxation of RM0.902 million recorded in the preceding year corresponding period. The manufacturing segment posted higher pre-tax loss at RM1.428 million as compared to profit of RM0.981 million in the corresponding period last year due to lower revenue. The trading segment reported higher loss before taxation of RM0.081 million as compared to loss before taxation of RM0.072 million in the preceding year corresponding period, mainly attributable to lower revenue from our UK subsidiary. For the investment segment, loss before taxation of RM0.011 million was reported as compared to loss of RM0.007 million in the preceding year corresponding period.

B2. Variation of results against preceding quarter

A comparison of the results of the current quarter ended 31 March 2013 against the preceding quarter is as follows:

	Current Quarter 01/01/13 - 31/03/13 (RM'000)	Preceding Quarter 01/10/12 - 31/12/12 (RM'000)
Revenue	1,423	1,528
Profit/(Loss) before taxation	(1,520)	(1,895)
Profit/(Loss) after taxation (before non-controlling interest)	(1,516)	(1,880)
Profit/(Loss) after taxation (after non-controlling interest)	(1,435)	(1,817)

	Current Quarter 01/01/13 - 31/03/13 (RM'000)	Preceding Quarter 01/10/12 - 31/12/12 (RM'000)
Revenue		
- Manufacturing	1,231	1,322
- Trading	167	171
- Investment	25	35

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 01/01/13 - 31/03/13 (RM'000)	Preceding Quarter 01/10/12 - 31/12/12 (RM'000)
Profit/ (Loss) before taxation		
- Manufacturing	(1,428)	(1,844)
- Trading	(81)	(76)
- Investment	(11)	25

The Group recorded lower revenue of RM1.423 million for the current quarter as compared to RM1.528 million in the preceding quarter. Due to lower revenue, the Group reported pre-tax losses of RM1.520 million for the current quarter.

For the current quarter, revenue for manufacturing, trading and investment segment are lower than preceding quarter.

Manufacturing segment reported loss before taxation of RM1.428 million as compared to loss before taxation of RM1.844 million in the preceding quarter due to cost cutting measure implemented. For the trading segment, it reported loss before taxation of RM0.081 million as compared to loss before taxation of RM0.076 million in the preceding quarter while the investment segment reported loss before taxation of RM0.011 million as compared to profit before taxation of RM0.025 million in the preceding quarter.

B3. Prospects

The Group's performance has dipped in the first quarter due to the poorer demand for our products amidst economic uncertainties prevailing in Europe. The conditions are expected to prevail until the second or third quarter of this financial year.

B4. Profit forecast

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

B5. Taxation

	Individual Quarter 3 months ended 31/03/13 (RM'000)	Cumulative Quarter 3 months ended 31/03/13 (RM'000)
Current tax expense	-	-
Deferred tax expense	-	-
Total	-	-

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 May 2013.

B7. Borrowing and debt securities

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Current liabilities			
- Hire purchase liabilities	7	-	7
	<u>7</u>	<u>-</u>	<u>7</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 May 2013.

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 / (loss) per share for the current quarter under review is based on the net loss attributable to owners of the parent of RM1.435 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 31 March 2013, into realised and unrealised losses is as follows:

	Current Quarter 31/03/13 (RM'000)	Preceding Quarter 31/12/12 (RM'000)
Realised losses	(45,203)	(34,784)
Unrealised	17	91
	<hr/>	<hr/>
	(45,186)	(34,693)
Add: Consolidation adjustments	24,829	15,771
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	(20,357)	(18,922)
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By Order of the Board

Ho Tsae Feng
Company Secretary
Date : 28 May 2013