

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

**Unaudited Condensed Consolidated Statements of Financial Position as at 30 September 2013**

	<b>As at 30/09/13 RM'000</b>	<b>Audited As at 31/12/12 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	19,265	20,232
	<u>19,265</u>	<u>20,232</u>
<b>Current Assets</b>		
Receivables, deposits and prepayments	3,578	2,412
Inventories	4,569	5,651
Investment securities	8	6
Tax recoverable	227	351
Deposits placed with licensed banks	5,833	8,696
Cash and cash equivalents	1,032	1,492
	<u>15,247</u>	<u>18,608</u>
<b>TOTAL ASSETS</b>	<u><u>34,512</u></u>	<u><u>38,840</u></u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to owners of the parents</b>		
Share capital	56,375	56,375
Reserves	(22,350)	(18,210)
	<u>34,025</u>	<u>38,165</u>
<b>Non-controlling interests</b>	(562)	(380)
<b>Total Equity</b>	<u><u>33,463</u></u>	<u><u>37,785</u></u>
<b>Non-Current Liabilities</b>		
Deferred taxation	232	232
	<u>232</u>	<u>232</u>
<b>Current Liabilities</b>		
Payables and accruals	817	735
Short term borrowings	-	88
	<u>817</u>	<u>823</u>
<b>Total Liabilities</b>	1,049	1,055
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>34,512</u></u>	<u><u>38,840</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.60	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 third quarter ended 30 September 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30/09/13	30/09/12	30/09/13	30/09/12
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	1,553	1,481	4,126	10,249
Cost of Sales	(1,911)	(1,792)	(5,663)	(7,979)
	(358)	(311)	(1,537)	2,270
Other income	47	34	85	126
Administrative expenses	(950)	(1,076)	(2,829)	(3,197)
Distribution expenses	(61)	(61)	(165)	(226)
Forex gain/(losses)	213	(157)	184	(184)
Other non-operating expenses	2	-	2	-
Operating profit / (loss) from operations	(1,107)	(1,571)	(4,260)	(1,211)
Finance costs	(3)	(7)	(7)	(31)
Profit / (Loss) before taxation	(1,110)	(1,578)	(4,267)	(1,242)
Taxation	-	-	4	(15)
Profit / (Loss) for the financial period	(1,110)	(1,578)	(4,263)	(1,257)
Profit / (Loss) attributable to:				
Owners of the parent	(1,078)	(1,535)	(4,096)	(1,163)
Non-controlling interests	(32)	(43)	(167)	(94)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(1.91)	(2.72)	(7.27)	(2.06)

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 third quarter ended 30 September 2013**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30/09/13</b>	<b>30/09/12</b>	<b>30/09/13</b>	<b>30/09/12</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net profit / (loss) for the financial period	(1,110)	(1,578)	(4,263)	(1,257)
Other comprehensive income/(loss):				
Translation of foreign operations	(66)	10	(59)	16
Other comprehensive income for the financial period	(66)	10	(59)	16
Total comprehensive income for the financial period	(1,176)	(1,568)	(4,322)	(1,241)
Attributable to:				
Owners of the parent	(1,128)	(1,525)	(4,140)	(1,147)
Non-Controlling Interests	(48)	(43)	(182)	(94)
Total comprehensive income for the period	(1,176)	(1,568)	(4,322)	(1,241)

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 third quarter ended 30 September 2013**

	← Non-distributable →			Accumulated Losses RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000				
As at 1 January 2013	56,375	916	(204)	(18,922)	38,165	(380)	37,785
Net profit / (loss) for the period	-	-	-	(4,096)	(4,096)	(167)	(4,263)
Other comprehensive income / (loss)	-	-	(44)	-	(44)	(15)	(59)
Total comprehensive income/ (loss) for the financial period	-	-	(44)	(4,096)	(4,140)	(182)	(4,322)
As at 30 September 2013	56,375	916	(248)	(23,018)	34,025	(562)	33,463

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 third quarter ended 30 September 2012**

	← Non-distributable Asset →				Total		Total
	Share Capital RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Accumulated Losses RM'000	RM'000	Non- Controlling Interest RM'000	Equity 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 2012.

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

**Unaudited Condensed Consolidated Statements of Cash Flow**  
**For the third quarter ended 30 September 2013**

	<b>CUMULATIVE QUARTER</b>	
	<b>9 months ended</b>	
	<b>30/09/13</b>	<b>30/09/12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	(4,267)	(1,242)
Adjustments for :-		
Depreciation	1,162	1,183
Impairment (gain) on investment	(2)	(1)
Write down of inventories	319	(1)
Unrealised (gain)/loss on foreign exchange	(39)	184
Interest income	(166)	(171)
Interest expense	7	27
<b>Operating profit / (loss) before changes in working capital</b>	<u>(2,986)</u>	<u>(21)</u>
<b>Changes in working capital</b>		
Inventories	762	225
Receivables	(1,123)	3,380
Payables	78	(240)
<b>Net cash flows (used in)/from operation</b>	<u>(3,269)</u>	<u>3,344</u>
Tax paid	(56)	(39)
Tax refund	185	-
Interest paid	(1)	(24)
Interest received	80	86
<b>Net cash (used in)/from operating activities</b>	<u>(3,061)</u>	<u>3,367</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(158)	(189)
Interest received	86	85
<b>Net cash from investing activities</b>	<u>(72)</u>	<u>(104)</u>
<b>Cash flow from financing activities</b>		
Interest paid	(6)	(3)
Fixed deposit held as security value	(2,200)	(2,000)
Repayment of hire purchase	(20)	(63)
Repayment of short term borrowings	(68)	(454)
<b>Net cash (used in) financing activities</b>	<u>(2,294)</u>	<u>(2,520)</u>
<b>Net change in cash and cash equivalents</b>	<u>(5,427)</u>	<u>743</u>
<b>Cash and cash equivalents at beginning of financial period</b>	10,188	8,242
<b>Effect of currency translation differences</b>	(96)	29
	<u>10,092</u>	<u>8,271</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>4,665</u>	<u>9,014</u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	1,032	1,358
Short term deposits	5,833	9,656
	<u>6,865</u>	<u>11,014</u>
Less: Fixed deposits held as security value	(2,200)	(2,000)
	<u>4,665</u>	<u>9,014</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Malaysian Financial Reporting Standards (“MFRS”) 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 nine months ended 30 September 2013 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>	<b>RM'000</b>
Manufacturing	4,282	574	3,708
Trading	417	81	336
Investment & Others	131	49	82
Consolidation	4,830	704	4,126
		<b>Profit / (Loss)</b>	<b>Total assets</b>
		<b>before taxation</b>	<b>employed</b>
		<b>RM'000</b>	<b>RM'000</b>
Manufacturing		(3,870)	29,076
Trading		(438)	354
Investment & Others		39	38,459
		(4,269)	67,889
Elimination of inter-segment		2	(33,377)
Consolidation		(4,267)	34,512

**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 RM0.173 million as at 28 November 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 30 September 2013 is as follows:-

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/07/13 - 30/09/13 (RM'000)	01/07/12 - 30/09/12 (RM'000)	01/01/13 - 30/09/13 (RM'000)	01/01/12 - 30/09/12 (RM'000)
Revenue	1,553	1,481	4,126	10,249
Profit/(Loss) before taxation	(1,110)	(1,578)	(4,267)	(1,242)
Profit/(Loss) after taxation (before non-controlling interest)	(1,110)	(1,578)	(4,263)	(1,257)
Profit/(Loss) after taxation (after non-controlling interest)	(1,078)	(1,535)	(4,096)	(1,163)

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
	01/07/13 - 30/09/13 (RM'000)	01/07/12 - 30/09/12 (RM'000)	01/01/13 - 30/09/13 (RM'000)	01/01/12 - 30/09/12 (RM'000)
Revenue				
- Manufacturing	1,391	1,403	3,708	9,118
- Trading	131	43	336	1,045
- Investment	31	35	82	86
	1,553	1,481	4,126	10,249

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/07/13 - 30/09/13 (RM'000)	01/07/12 - 30/09/12 (RM'000)	01/01/13 - 30/09/13 (RM'000)	01/01/12 - 30/09/12 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(998)	(1,476)	(3,870)	(1,087)
- Trading	(163)	(107)	(436)	(108)
- Investment	51	5	39	(47)
	(1,110)	(1,578)	(4,267)	(1,242)

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

For the current quarter, the Group recorded higher revenue of RM1.55 million as compared to the preceding year corresponding period, an increase of 4.86%. The increase was attributable to higher revenue of RM0.131 million from the trading segment for the current quarter, an increase of 200.04%, due to increase demand for our products via our local subsidiary. Revenue from manufacturing was lower by 8.5% due to reduction in orders on laminated products. For the investment segment, revenue was lower by 11.42%.

For the financial period ended 30 September 2013, the Group recorded lower revenue of RM4.126 million as compared to preceding year corresponding period, a decrease of 59.74%. Revenue derived from manufacturing segment was lower at RM3.708 million as compared to RM9.118 million in the preceding year corresponding period. The lower revenue from the manufacturing segment was attributable to lower sales 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. For the trading segment, there was a decline in revenue by 67.84% to RM0.336 million as compared to last year corresponding period due to lower sales contributed largely by the sluggish demand for our products in Europe while the investment segment revenue slightly lower by 4.65% as per last year corresponding period.

The loss before taxation of the Group for the current quarter of RM1.110 million was lower as compared to RM1.578 million in the same period last year due to foreign exchange gain of RM0.213 million compared to a loss of RM0.157 million. The manufacturing segment posted lower loss of RM0.998 million for the current quarter as compared to a loss of RM1.476 million in the corresponding period last year due to cost control. The trading segment reported higher loss before taxation of RM0.163 million as compared to loss before taxation of RM0.107 million in the preceding year corresponding period, mainly attributable to higher operating expenses from our UK subsidiary. The investment segment posted a higher profit of RM0.051 million due to lower operational cost.

For the financial period ended 30 September 2013, the Group reported a loss before taxation of RM4.267 million as compared to a loss before taxation of RM1.242 million recorded in the preceding year corresponding period. The manufacturing segment posted a higher loss at RM3.87 million as compared to a loss of RM1.087 million in the corresponding period last year due to lower revenue. The trading segment reported a higher loss before taxation of RM0.436 million as compared to a loss before taxation of RM0.108 million in the preceding year corresponding period, mainly attributable to lower revenue from our UK subsidiary. For the investment segment, a profit before taxation of RM0.039 million was reported as compared to a loss of RM0.047 million in the preceding year corresponding period due to higher investment income from investment products.

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

A comparison of the results of the current quarter ended 30 September 2013 against the preceding quarter is as follows:

	<b>Current Quarter 01/07/13 - 30/09/13 (RM'000)</b>	<b>Preceding Quarter 01/04/13 - 30/06/13 (RM'000)</b>
Revenue	1,553	1,150
Profit/(Loss) before taxation	(1,110)	(1,637)
Profit/(Loss) after taxation (before non-controlling interest)	(1,110)	(1,637)
Profit/(Loss) after taxation (after non-controlling interest)	(1,078)	(1,583)

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

	<b>Current Quarter 01/07/13 - 30/09/13 (RM'000)</b>	<b>Preceding Quarter 01/04/13 - 30/06/13 (RM'000)</b>
Revenue		
- Manufacturing	1,391	1,086
- Trading	131	38
- Investment	31	26

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

	<b>Current Quarter 01/07/13 - 30/09/13 (RM'000)</b>	<b>Preceding Quarter 01/04/13 - 30/06/13 (RM'000)</b>
Profit/ (Loss) before taxation		
- Manufacturing	(998)	(1,444)
- Trading	(163)	(192)
- Investment	51	(1)

The Group recorded higher revenue of RM1.553 million for the current quarter as compared to RM1.15 million in the preceding quarter. Due to higher revenue, the Group reported lower pre-tax losses of RM1.11 million for the current quarter.

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

Manufacturing segment reported loss before taxation of RM0.998 million as compared to loss before taxation of RM1.444 million in the preceding quarter due to higher sales. For the trading segment, it reported loss before taxation of RM0.163 million as compared to loss before taxation of RM0.192 million in the preceding quarter while the investment segment reported profit before taxation of RM0.051 million as compared to loss before taxation of RM0.001 million in the preceding 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 pick up in the fourth quarter of this financial year.

**B4. Profit forecast**

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

**B5. Taxation**

	<b>Individual Quarter 3 months ended 30/09/13 (RM'000)</b>	<b>Cumulative Quarter 9 months ended 30/09/13 (RM'000)</b>
Current tax expense	-	4
Deferred tax expense	-	-
Total	-	4

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 2013.

**B7. Borrowing and debt securities**

There were no borrowing and debt securities.

**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 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 RM1.078 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 2013, into realised and unrealised losses is as follows:

	<b>Current Quarter 30/09/13 (RM'000)</b>	<b>Preceding Quarter 30/06/13 (RM'000)</b>
Realised losses	(48,020)	(46,737)
Unrealised	239	(8)
	<hr/>	<hr/>
	(47,781)	(46,745)
Add: Consolidation adjustments	24,763	24,805
	<hr/>	<hr/>
	<b>(23,018)</b>	<b>(21,940)</b>

By Order of the Board

Ho Tsae Feng  
Company Secretary  
Date : 28 November 2013