

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

**Unaudited Condensed Consolidated Statements of Financial Position as at 31 March 2014**

	<b>As at 31/03/14 RM'000</b>	<b>Audited As at 31/12/13 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	27,639	27,929
	<u>27,639</u>	<u>27,929</u>
<b>Current Assets</b>		
Receivables, deposits and prepayments	1,978	2,553
Inventories	4,604	4,429
Investment securities	9	8
Tax recoverable	237	228
Deposits placed with licensed banks	1,535	2,227
Cash and cash equivalents	1,363	846
	<u>9,726</u>	<u>10,291</u>
<b>TOTAL ASSETS</b>	<u><u>37,365</u></u>	<u><u>38,220</u></u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to owners of the parents</b>		
Share capital	56,375	56,375
Reserves	(24,496)	(23,542)
	<u>31,879</u>	<u>32,833</u>
<b>Non-controlling interests</b>	(637)	(624)
<b>Total Equity</b>	<u><u>31,242</u></u>	<u><u>32,209</u></u>
<b>Non-Current Liabilities</b>		
Deferred taxation	2	2
	<u>2</u>	<u>2</u>
<b>Current Liabilities</b>		
Payables and accruals	6,121	6,009
Short term borrowings	-	-
	<u>6,121</u>	<u>6,009</u>
<b>Total Liabilities</b>	6,123	6,011
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>37,365</u></u>	<u><u>38,220</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.57	0.58

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 2013.

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

**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
**For the first quarter ended 31 March 2014**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31/03/14 RM'000	31/03/13 RM'000	31/03/14 RM'000	31/03/13 RM'000
<b>Continuing operations</b>				
Revenue	1,733	1,423	1,733	1,423
Cost of Sales	(1,890)	(2,016)	(1,890)	(2,016)
	(157)	(593)	(157)	(593)
Other income	6	20	6	20
Administrative expenses	(815)	(890)	(815)	(890)
Distribution expenses	(99)	(51)	(99)	(51)
Forex gain/(losses)	(21)	(4)	(21)	(4)
Other non-operating expenses	1	-	1	-
Operating profit / (loss) from operations	(1,085)	(1,518)	(1,085)	(1,518)
Finance costs	(3)	(2)	(3)	(2)
Profit / (Loss) before taxation	(1,088)	(1,520)	(1,088)	(1,520)
Taxation	-	4	-	4
Profit / (Loss) for the financial period	(1,088)	(1,516)	(1,088)	(1,516)
Profit / (Loss) attributable to:				
Owners of the parent	(1,051)	(1,435)	(1,051)	(1,435)
Non-controlling interests	(37)	(81)	(37)	(81)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(1.86)	(2.55)	(1.86)	(2.55)

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 2013.

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

**Unaudited Condensed Consolidated Statements of Comprehensive Income**  
**For the first quarter ended 31 March 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31/03/14 RM'000	31/03/13 RM'000	31/03/14 RM'000	31/03/13 RM'000
Net profit / (loss) for the financial period	(1,088)	(1,516)	(1,088)	(1,516)
Other comprehensive income/(loss):				
Translation of foreign operations	97	17	97	17
Other comprehensive income for the financial period	97	17	97	17
Total comprehensive income for the financial period	(991)	(1,499)	(991)	(1,499)
Attributable to:				
Owners of the parent	(978)	(1,424)	(978)	(1,424)
Non-Controlling Interests	(13)	(75)	(13)	(75)
Total comprehensive income for the period	(991)	(1,499)	(991)	(1,499)

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 2013.

# KUMPULAN POWERNET BERHAD

(Company No. 419227-X)

## Unaudited Condensed Consolidated Statements of Changes in Equity For the first quarter ended 31 March 2014

	← Non-distributable →			Accumulated Losses RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Asset Revaluation Reserves RM'000	Translation Reserve RM'000				
As at 1 January 2014	56,375	916	(48)	(24,410)	32,833	(624)	32,209
Net profit / (loss) for the period	-	-	-	(1,051)	(1,051)	(37)	(1,088)
Other comprehensive income / (loss)	-	-	97	-	97	24	121
Total comprehensive income/ (loss) for the financial period	-	-	97	(1,051)	(954)	(13)	(967)
As at 31 December 2013	56,375	916	49	(25,461)	31,879	(637)	31,242

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 2013.

**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 →				Total		Total	
	Share Capital RM'000	Revaluation Reserves RM'000	Translation Reserve RM'000	Asset	Accumulated Losses RM'000	Non- Controlling Interest RM'000	Equity 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 2013.

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

**Unaudited Condensed Consolidated Statements of Cash Flow**  
**For the first quarter ended 31 March 2014**

	<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>	
	<b>31/03/14</b>	<b>31/03/13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	(1,088)	(1,520)
Adjustments for :-		
Depreciation	423	370
Impairment (gain) on investment	(1)	-
Unrealised (gain)/loss on foreign exchange	(2)	4
Interest income	(8)	(42)
Interest expense	3	2
<b>Operating profit / (loss) before changes in working capital</b>	<u>(673)</u>	<u>(1,186)</u>
<b>Changes in working capital</b>		
Inventories	(175)	437
Receivables	575	(57)
Payables	112	96
<b>Net cash flows (used in)/from operation</b>	<u>(161)</u>	<u>(710)</u>
Tax paid	(9)	(25)
Tax refund	-	76
Interest paid	(3)	(2)
Interest received	-	25
<b>Net cash (used in)/from operating activities</b>	<u>(173)</u>	<u>(636)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1)	-
Interest received	8	17
<b>Net cash from investing activities</b>	<u>7</u>	<u>17</u>
<b>Cash flow from financing activities</b>		
Fixed deposit held as security value	-	(2,000)
Repayment of hire purchase	-	(13)
Repayment of short term borrowings	-	(68)
<b>Net cash (used in) financing activities</b>	<u>-</u>	<u>(2,081)</u>
<b>Net change in cash and cash equivalents</b>	<u>(166)</u>	<u>(2,700)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	2,373	10,188
<b>Effect of currency translation differences</b>	(9)	23
	<u>2,364</u>	<u>10,211</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>2,198</u>	<u>7,511</u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	1,363	1,080
Short term deposits	1,535	8,431
	<u>2,898</u>	<u>9,511</u>
Less: Fixed deposits held as security value	(700)	(2,000)
	<u>2,198</u>	<u>7,511</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 2013.

# **KUMPULAN POWERNET BERHAD**

(Company No. 419227-X)

## **NOTES TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

### **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 2013.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

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

The audited financial statements for the financial year ended 31 December 2013 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:-

	<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	1,491	149	1,342
Trading	172	74	98
Investment & Others	293	-	293
<b>Consolidation</b>	<b>1,956</b>	<b>223</b>	<b>1,733</b>
		<b>Profit / (Loss)</b>	<b>Total assets</b>
		<b>before taxation</b>	<b>employed</b>
		<b>RM'000</b>	<b>RM'000</b>
Manufacturing		(1,153)	26,146
Trading		(103)	285
Investment & Others		168	40,406
		(1,088)	66,837
Elimination of inter-segment		-	(29,472)
<b>Consolidation</b>		<b>(1,088)</b>	<b>37,365</b>

**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 2013.

**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 RM0.082 million as at 27 May 2014.

**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 2014 is as follows:-

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/1/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)
Revenue	1,733	1,423	1,733	1,423
Profit/(Loss) before taxation	(1,088)	(1,520)	(1,088)	(1,520)
Profit/(Loss) after taxation (before non-controlling interest)	(1,088)	(1,516)	(1,088)	(1,516)
Profit/(Loss) after taxation (after non-controlling interest)	(1,051)	(1,435)	(1,051)	(1,435)

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
	01/1/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)
Revenue				
- Manufacturing	1,342	1,231	1,342	1,231
- Trading	98	167	98	167
- Investment	293	25	293	25
	1,733	1,423	1,733	1,423

	INVIDIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/1/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/13 - 31/03/13 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(1,153)	(1,428)	(1,153)	(1,428)
- Trading	(103)	(81)	(103)	(81)
- Investment	168	(11)	168	(11)
	(1,088)	(1,520)	(1,088)	(1,520)

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

The Group recorded higher revenue of RM1.733 million as compared to the preceding year corresponding period, an increase of 21.78%. The increase was attributable to higher revenue of RM0.111 million from the manufacturing segment for the current quarter, an increase of 9.01%, due to increase demand for our products. Revenue from trading segment was lower by 41.32% due to lower sales from our UK subsidiary. For the investment segment, revenue was higher due to recognition of revenue from student accommodation rental in UK.

Profit/(Loss) before taxation

The Group's loss before taxation of RM1.088 million was lower as compared to RM1.52 million in the same period last year. The manufacturing segment posted lower loss of RM1.153 million as compared to a loss of RM1.428 million in the corresponding period last year due to higher revenue. The trading segment reported higher loss before taxation of RM0.103 million as compared to loss before taxation of RM0.081 million in the preceding year corresponding period, mainly attributable to lower revenue from our UK subsidiary. The investment segment posted a profit of RM0.168 million due to profit generated from our new investment, i.e. rental income of student accommodation.

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

A comparison of the results of the current quarter ended 31 March 2014 against the preceding quarter is as follows:

	<b>Current Quarter 01/1/14 - 31/03/14 (RM'000)</b>	<b>Preceding Quarter 01/10/13 - 31/12/13 (RM'000)</b>
Revenue	1,733	1,667
Profit/(Loss) before taxation	(1,088)	(1,592)
Profit/(Loss) after taxation (before non-controlling interest)	(1,088)	(1,362)
Profit/(Loss) after taxation (after non-controlling interest)	(1,051)	(1,306)

	<b>Current Quarter 01/1/14 - 31/03/14 (RM'000)</b>	<b>Preceding Quarter 01/10/13 - 31/12/13 (RM'000)</b>
Revenue		
- Manufacturing	1,342	1,459
- Trading	98	103
- Investment	293	105

**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 01/1/14 - 31/03/14 (RM'000)</b>	<b>Preceding Quarter 01/10/13 - 31/12/13 (RM'000)</b>
Profit/ (Loss) before taxation		
- Manufacturing	(1,153)	(1,692)
- Trading	(103)	(95)
- Investment	168	195

The Group recorded higher revenue of RM1.733 million for the current quarter as compared to RM1.667 million in the preceding quarter. The Group reported lower pre-tax losses of RM1.088 million for the current quarter as provision on doubtful debts of RM0.152million and write down of inventories of RM0.112million were made in the preceding quarter.

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

Manufacturing segment reported loss before taxation of RM1.153 million as compared to loss before taxation of RM1.692 million in the preceding quarter due to cost cutting measure implemented and no provision on doubtful debts and inventory write down. For the trading segment, it reported loss before taxation of RM0.103 million as compared to loss before taxation of RM0.095 million in the preceding quarter while the investment segment reported profit before taxation of RM0.168 million as compared to profit before taxation of RM0.195 million in the preceding quarter.

**B3. Prospects**

The Group's performance continues to remain poor in the first quarter due to the poor demand for our products. However, the conditions are now showing sign of improvement with many new product development requested. We expect the market to pick up towards the third 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 31/03/14 (RM'000)</b>	<b>Cumulative Quarter 3 months ended 31/03/14 (RM'000)</b>
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 27 May 2014.

**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 27 May 2014.

**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 RM1.051 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 2014, into realised and unrealised losses is as follows:

	<b>Current Quarter 31/03/14 (RM'000)</b>	<b>Preceding Quarter 31/12/13 (RM'000)</b>
Realised losses	(58,077)	(56,474)
Unrealised	34	(67)
	<hr/>	<hr/>
	(58,043)	(56,541)
Add: Consolidation adjustments	32,582	32,131
	<hr/>	<hr/>
	<b>(25,461)</b>	<b>(24,410)</b>

By Order of the Board

Ho Tsae Feng  
Company Secretary  
Date : 27 May 2014