

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 31 March 2015

	As at 31/03/15 RM'000	Audited As at 31/12/14 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	26,035	26,437
Available for sale investments	-	-
Other investments	-	-
Investment in jointly controlled entity	-	-
	<u>26,035</u>	<u>26,437</u>
Current Assets		
Receivables, deposits and prepayments	2,203	2,263
Inventories	4,160	4,095
Investment securities	8	8
Tax recoverable	291	277
Deposits placed with licensed banks	731	687
Cash and cash equivalents	67	535
	<u>7,460</u>	<u>7,865</u>
TOTAL ASSETS	<u><u>33,495</u></u>	<u><u>34,302</u></u>
EQUITY & LIABILITIES		
Equity attributable to owners of the parents		
Share capital	56,375	56,375
Reserves	(28,501)	(27,487)
	<u>27,874</u>	<u>28,888</u>
Non-controlling interests	(761)	(753)
Total Equity	<u>27,113</u>	<u>28,135</u>
Non-Current Liabilities		
Deferred taxation	2	2
	<u>2</u>	<u>2</u>
Current Liabilities		
Payables and accruals	5,499	5,307
Short term borrowings	881	858
	<u>6,380</u>	<u>6,165</u>
Total Liabilities	6,382	6,167
TOTAL EQUITY AND LIABILITIES	<u><u>33,495</u></u>	<u><u>34,302</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.49	0.51

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 2014.

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

Unaudited Condensed Consolidated Statements of Comprehensive Income for the first quarter ended 31 March 2015

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31/03/15 RM'000	31/03/14 RM'000	31/03/15 RM'000	31/03/14 RM'000
Continuing operations				
Revenue	1,320	1,733	1,320	1,733
Cost of Sales	(1,605)	(1,890)	(1,605)	(1,890)
	(285)	(157)	(285)	(157)
Other income	(11)	6	(11)	6
Administrative expenses	(666)	(815)	(666)	(815)
Distribution expenses	(83)	(99)	(83)	(99)
Forex gain/(losses)	55	(21)	55	(21)
Other non-operating expenses	(36)	1	(36)	1
Operating profit / (loss) from operations	(1,026)	(1,085)	(1,026)	(1,085)
Finance costs	(1)	(3)	(1)	(3)
Profit / (Loss) before taxation	(1,027)	(1,088)	(1,027)	(1,088)
Taxation		-		-
Profit / (Loss) for the financial period	(1,027)	(1,088)	(1,027)	(1,088)
Profit / (Loss) attributable to:				
Owners of the parent	(1,019)	(1,051)	(1,019)	(1,051)
Non-controlling interests	(8)	(37)	(8)	(37)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(1.81)	(1.86)	(1.81)	(1.86)

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 2014.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the first quarter ended 31 March 2015.

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	31/03/15 RM'000	31/03/14 RM'000	31/03/15 RM'000	31/03/14 RM'000
Net profit/(loss) for the financial period	(1,027)	(1,088)	(1,027)	(1,088)
Other comprehensive income/(loss):				
Translation of foreign operations	37	97	37	97
Other comprehensive income/(loss) for the financial period	37	97	37	97
Total comprehensive income/(loss) for the financial period	(990)	(991)	(990)	(991)
Attributable to:				
Owners of the parent	(982)	(978)	(982)	(978)
Non-Controlling Interests	(8)	(13)	(8)	(13)
Total comprehensive income/(loss) for the period	(990)	(991)	(990)	(991)

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 2014.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Changes of Equity for the first quarter ended 31 March 2015.

	← 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 2015	56,375	916	(124)	(28,277)	28,890	(751)	28,139
Net profit / (loss) for the period	-	-	-	(1,019)	(1,019)	(8)	(1,027)
Other comprehensive income / (loss)	-	-	3	-	3	(2)	1
Total comprehensive income/ (loss) for the financial period	-	-	3	(1,019)	(1,016)	(10)	(1,026)
As at 31 March 2015	56,375	916	(121)	(29,296)	27,874	(761)	27,113

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 2014.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Changes of 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	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 March 2014	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 Cash Flow for the first quarter ended 31 March 2015.

	CUMULATIVE QUARTER 3 months ended	
	31/03/15 RM'000	31/12/14 RM'000
Cash flow from operating activities		
Profit/(Loss) before taxation	(1,027)	(3,994)
Adjustments for :-		
Depreciation	483	1,668
Write back of inventories	-	(791)
Write down of inventories	-	19
Unrealised (gain)/loss on foreign exchange	(23)	(130)
Gain on disposal of property, plant and equipments	-	(125)
Interest income	10	(40)
Interest expense	1	135
Operating profit / (loss) before changes in working capital	<u>(556)</u>	<u>(3,258)</u>
Changes in working capital		
Inventories	(65)	1,106
Receivables	60	420
Payables	192	(5,011)
Net cash flows (used in)/from operation	<u>(369)</u>	<u>(6,743)</u>
Tax paid	(14)	(49)
Interest paid	-	(10)
Interest received	(10)	35
Net cash (used in)/from operating activities	<u>(393)</u>	<u>(6,767)</u>
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(31)
Proceeds from sales of property, plant and equipment	-	125
Interest received	-	5
Net cash from investing activities	<u>-</u>	<u>99</u>
Cash flow from financing activities		
Interest paid	(1)	(125)
Fixed deposit held as security value	-	200
Drawn down of term loan	-	5,222
Repayment of term loan	(76)	(303)
Short term borrowings	23	247
Net cash from/(used in) financing activities	<u>(54)</u>	<u>5,241</u>
Net change in cash and cash equivalents	<u>(447)</u>	<u>(1,427)</u>
Cash and cash equivalents at beginning of financial period	723	2,373
Effect of currency translation differences	22	(223)
	<u>745</u>	<u>2,150</u>
Cash and cash equivalents at end of financial period	<u>298</u>	<u>723</u>
Cash and cash equivalents at the end of the financial period comprises the following :-		
Cash and bank balance	67	536
Short term deposits	731	687
	798	1,223
Less: Fixed deposits held as security value	(500)	(500)
	<u>298</u>	<u>723</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 2014.

KUPMPULAN POWERNET BERHAD

(Company No. 419227-X)

NOTES TO UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

A. Explanatory notes to interim financial reports

A1. Basis of preparation

The interim report is unaudited and has been prepared in compliance with the Malaysia Financial Reporting Standards ("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 2014.

The interim financial report should be read in conjunction with the financial statements of the Group for the financial year ended 31 December 2014.

A2. Audit report of preceding annual financial statements

The audited statements for the financial year ended 31 December 2014 were not subjected to any qualifications.

A3. Seasonal or cyclical factors

The demands for the Group's products are not subject 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 reports of the current financial year or prior financial year that have a material effect on the current quarter.

A6. Issuance, cancellations or repayments of debts and equity securities

There were no issuance, cancellations or repayments of debts and equity securities, share buy-back, share cancellations, shares held as treasury shares during the current quarter under review.

A7. Dividend

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 2015 are as follows:-

	Revenue RM'000	Inter-segment Sales RM'000	Total RM'000
Manufacturing	1,106	90	1,016
Trading	34	13	21
Investment & Others	283	-	283
Consolidation	1,423	103	1,320

	Profit / (Loss) before taxation RM'000	Total assets employed RM'000
Manufacturing	(1,169)	23,511
Trading	(27)	285
Investment & Others	169	9,699
	(1,027)	33,495
Elimination of inter-segment	-	-
Consolidation	(1,027)	33,495

A9. Valuation of property, plant and equipment

The valuations of plant, property and equipment have been brought forward without amendments from the financial statements for the financial year ended 31 December 2014.

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

There were no material events subsequent to the end of financial period that has not been reflected in the financial statements for the period under review.

A11. Change 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 RM5.382 million as at 19 May 2015.

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 2015 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)
Revenue	1,320	1,733	1,320	1,733
Profit/(Loss) before taxation	(1,027)	(1,088)	(1,027)	(1,088)
Profit/(Loss) after taxation (before non-controlling interest)	(1,027)	(1,088)	(1,027)	(1,088)
Profit/(Loss) after taxation (after non-controlling interest)	(1,019)	(1,051)	(1,019)	(1,051)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)
Revenue				
- Manufacturing	1,016	1,342	1,016	1,342
- Trading	21	98	21	98
- Investment & others	283	293	283	293
	1,320	1,733	1,320	1,733

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)	01/01/15 - 31/03/15 (RM'000)	01/01/14 - 31/03/14 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(1,169)	(1,153)	(1,169)	(1,153)
- Trading	(27)	(103)	(27)	(103)
- Investment & others	169	168	169	168
	(1,027)	(1,088)	(1,027)	(1,088)

B1. Review of performance (continued)Revenue

The revenue of the Group decreased by RM413K or 23.8% to RM1.320 million compared to preceding year corresponding period. The manufacturing and trading segment declined by 24.3% and 78.6% respectively and investment segment also register a decrease of 3.4%. The decrease in manufacturing and trading segment was attributable to lower domestic demand for our textile products.

Profit / (Loss) before taxation

The Group's losses before taxation of RM1.027 million was lower compared to RM1.088 million in the corresponding quarter last year. The manufacturing segment posted higher losses of RM1.169 million as compared to a loss of RM1.153 million. The trading segment reported lower losses of RM27K, an improvement of RM76K as a result of UK's operation ceasing business. Profit remains stable at RM169K in the investment segment.

B2. Variation of results against preceding quarter

A comparison of the results of the current quarter ended 31 March 2015 against preceding quarter is as follows:-

	Current Quarter 01/01/15 - 31/03/15 (RM'000)	Preceding Quarter 01/10/14 - 31/12/14 (RM'000)
Revenue	1,320	1,835
Profit/(Loss) before taxation	(1,027)	(510)
Profit/(Loss) after taxation (before non-controlling interest)	(1,027)	(510)
Profit/(Loss) after taxation (after non-controlling interest)	(1,019)	(476)

	Current Quarter 01/01/15 - 31/03/15 (RM'000)	Preceding Quarter 01/10/14 - 31/12/14 (RM'000)
Revenue		
- Manufacturing	1,016	1,195
- Trading	21	151
- Investment & others	283	489

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 01/01/15 - 31/03/15	Preceding Quarter 01/10/14 - 31/12/14
Profit/ (Loss) before taxation		
- Manufacturing	(1,169)	(796)
- Trading	(27)	(73)
- Investment & others	169	224

The Company recorded lower revenue of RM1.320 million as compared to RM1.835 million in the preceding quarter. For the current quarter, manufacturing, trading and investment all posted decrease in revenue.

The manufacturing segment recorded higher losses of RM1.169 million as compared to RM796K in the preceding quarter due to reduced profit margins. The trading segment posted lower losses of RM27K as compared to RM73K in the preceding quarter as the UK's operation has ceased business. The investment segment also recorded lower profits of RM169K as compared to RM224K in the preceding quarter due to revenue from student's accommodation in UK.

B3. Prospects

The economic condition continues to remain difficult and this has prompted customers to cut back on purchases as their business were also affected. However, the outlook for the Group is expected to remain stable in the second quarter and improvement is likely towards the third quarter when the commissioning dyeing services take off the ground.

B4. Profit forecast

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

B5. Taxation

	Individual Quarter 3 months ended 31/03/15 (RM'000)	Cumulative Quarter 3 months ended 31/03/15 (RM'000)
Current tax expense	-	-
Deferred tax expense	-	-
Total	-	-

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

B6. Status of corporate proposals
There were no corporate proposals as at 19 May 2015.

B7. Borrowings and debt securities

	Term Loan (RM'000)	(RM'000)	Total (RM'000)
Current liabilities			
Term Loan	4,766	-	4,766
	<u>4,766</u>	<u>-</u>	<u>4,766</u>

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 fair value changes in financial liabilities for the current financial period.

B9. Changes in material litigation

There were no material litigation pending as at 19 May 2015.

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 parent of RM1.019 million. The number of ordinary shares in issue during the current period is 56,375,000.

B12. Realised and unrealised profit/losses disclosure

The breakdown of the retained profits / (accumulated losses) of the Group as at 31 March 2015, into realised and unrealised losses is as follows:-

	Current Quarter 31/03/15 (RM'000)	Preceding Quarter 31/12/14 (RM'000)
Realised losses	(62,326)	(61,307)
Unrealised	29	82
	<u>(62,297)</u>	<u>(61,225)</u>
Add: Consolidation adjustments	34,423	32,337
	<u>(27,874)</u>	<u>(28,888)</u>

By Order of the Board

Ho Tsae Feng
Company Secretary
Date: 19 May 2015