

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2015**

	As at 31/12/15 RM'000	Audited As at 31/12/14 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	25,735	26,437
Available for sale investments	-	-
Other investments	-	-
Investment in jointly controlled entity	-	-
	<u>25,735</u>	<u>26,437</u>
<b>Current Assets</b>		
Receivables, deposits and prepayments	1,628	2,264
Inventories	4,066	4,095
Investment securities	-	8
Tax recoverable	191	277
Deposits placed with licensed banks	403	687
Cash and cash equivalents	414	536
	<u>6,702</u>	<u>7,867</u>
<b>TOTAL ASSETS</b>	<u>32,437</u>	<u>34,304</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to owners of the parents</b>		
Share capital	56,375	56,375
Reserves	<u>(30,312)</u>	<u>(27,485)</u>
	26,063	28,890
<b>Non-controlling interests</b>	(741)	(752)
<b>Total Equity</b>	<u>25,322</u>	<u>28,138</u>
<b>Non-Current Liabilities</b>		
Deferred taxation	2	2
Long term borrowings	<u>3,711</u>	<u>4,251</u>
	3,713	4,253
<b>Current Liabilities</b>		
Payables and accruals	2,460	998
Short term borrowings	<u>942</u>	<u>915</u>
	3,402	1,913
<b>Total Liabilities</b>	7,115	6,166
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>32,437</u>	<u>34,304</u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	0.46	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 fourth quarter ended 31 December 2015**

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31/12/15 RM'000	31/12/14 RM'000	31/12/15 RM'000	31/12/14 RM'000
<b>Continuing operations</b>				
Revenue	1,237	1,835	5,080	6,715
Cost of Sales	(1,075)	(1,920)	(5,613)	(7,325)
	162	(85)	(533)	(610)
Other income	22	302	22	400
Administrative expenses	(557)	(868)	(2,438)	(3,425)
Distribution expenses	(83)	(230)	(347)	(561)
Forex gain/(losses)	68	255	261	203
Other non-operating expenses	(54)	4	(131)	-
Operating profit / (loss) from operations	(442)	(622)	(3,166)	(3,993)
Finance costs	(187)	(23)	(205)	(135)
Profit / (Loss) before taxation	(629)	(645)	(3,371)	(4,128)
Taxation		-	-	
Profit / (Loss) for the financial period	(629)	(645)	(3,371)	(4,128)
Profit / (Loss) attributable to:				
Owners of the parent	(626)	(611)	(3,340)	(4,001)
Non-controlling interests	(3)	(34)	(31)	(127)
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(1.11)	(1.08)	(5.92)	(7.10)

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 fourth quarter ended 31 December 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31/12/15 RM'000	31/12/14 RM'000	31/12/15 RM'000	31/12/14 RM'000
Net profit/(loss) for the financial period	(629)	(645)	(3,371)	(4,128)
Other comprehensive income/(loss):				
Translation of foreign operations	(131)		(452)	
Other comprehensive income/(loss) for the financial period	(131)	-	(452)	-
Total comprehensive income/(loss) for the financial period	(760)	(645)	(3,823)	(4,128)
Attributable to:				
Owners of the parent	(757)	(611)	(3,792)	(4,001)
Non-Controlling Interests	(3)	(34)	(31)	(127)
Total comprehensive income/(loss) for the period	(760)	(645)	(3,823)	(4,128)

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 fourth quarter ended 31 December 2015**

	← 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 2015	56,375	916	(124)	(28,277)	28,890	(752)	28,138
Net profit / (loss) for the period	-	-	-	(3,371)	(3,371)	10	(3,361)
Other comprehensive income / (loss)	-	-	544	-	544	1	545
Total comprehensive income/ (loss) for the financial period	-	-	544	(3,371)	(2,827)	11	(2,816)
As at 31 December 2015	56,375	916	420	(31,648)	26,063	(741)	25,322

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 fourth quarter ended 31 December 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	-	-	-	(3,867)	(3,867)	(127)	(3,994)
Other comprehensive income / (loss)	-	-	(76)	-	(76)	(1)	(77)
Total comprehensive income/ (loss) for the financial period	-	-	(76)	(3,867)	(3,943)	(128)	(4,071)
As at 31 December 2014	56,375	916	(124)	(28,277)	28,890	(752)	28,138

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 fourth quarter ended 31 December 2015**

	CUMULATIVE QUARTER 12 months ended	
	31/12/15 RM'000	31/12/14 RM'000
<b>Cash flow from operating activities</b>		
Profit/(Loss) before taxation	(3,371)	(3,994)
Adjustments for :-		
Depreciation	1,730	1,668
Write back of inventories	-	(791)
Write down of inventories	-	19
Unrealised (gain)/loss on foreign exchange	(261)	(130)
Gain on disposal of property, plant and equipments	-	(125)
Interest income	(22)	(40)
Interest expense	205	135
<b>Operating profit / (loss) before changes in working capital</b>	<u>(1,719)</u>	<u>(3,258)</u>
<b>Changes in working capital</b>		
Inventories	29	1,106
Receivables	636	420
Payables	998	(5,011)
<b>Net cash flows (used in)/from operation</b>	<u>(56)</u>	<u>(6,743)</u>
Tax paid	(27)	(49)
Interest paid	(15)	(10)
Interest received	20	35
<b>Net cash (used in)/from operating activities</b>	<u>(78)</u>	<u>(6,767)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-	(31)
Proceeds from sales of property, plant and equipment	-	125
Interest received	2	5
<b>Net cash from investing activities</b>	<u>2</u>	<u>99</u>
<b>Cash flow from financing activities</b>		
Interest paid	(190)	(125)
Fixed deposit held as security value	155	200
Drawn down of term loan		5,222
Repayment of term loan	(980)	(303)
Short term borrowings	1,000	247
<b>Net cash from/(used in) financing activities</b>	<u>(15)</u>	<u>5,241</u>
<b>Net change in cash and cash equivalents</b>	<u>(91)</u>	<u>(1,427)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	723	2,373
<b>Effect of currency translation differences</b>	(65)	(223)
	<u>658</u>	<u>2,150</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>567</u>	<u>723</u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	414	536
Short term deposits	403	687
	<u>817</u>	<u>1,223</u>
Less: Fixed deposits held as security value	(250)	(500)
	<u>567</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 FOURTH QUARTER ENDED 31 DECEMBER 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 twelve months ended 31 December 2015 are as follows:-

	Revenue RM'000	Inter-segment Sales RM'000	Total RM'000
Manufacturing	4,403	329	4,074
Trading	43	22	21
Investment & Others	985	-	985
Consolidation	5,431	351	5,080

  

	Profit / (Loss) before taxation RM'000	Total assets employed RM'000
Manufacturing	(3,513)	21,461
Trading	(77)	30
Investment & Others	219	11,205
Elimination of inter-segment	-	-
Consolidation	(3,371)	32,696

**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 RM4.654 million as at 22 February 2016. This liability had been reflected under Consolidated Financial Statements of the Group.



**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 December 2015 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/10/15 - 31/12/15 (RM'000)	01/10/14 - 31/12/14 (RM'000)	01/01/15 - 31/12/15 (RM'000)	01/01/14 - 31/12/14 (RM'000)
Revenue	1,237	1,835	5,080	6,715
Profit/(Loss) before taxation	(629)	(645)	(3,371)	(4,128)
Profit/(Loss) after taxation (before non-controlling interest)	(629)	(645)	(3,371)	(4,128)
Profit/(Loss) after taxation (after non-controlling interest)	(626)	(611)	(3,340)	(4,001)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To Date
	01/10/15 - 31/12/15 (RM'000)	01/10/14 - 31/12/14 (RM'000)	01/01/15 - 31/12/15 (RM'000)	01/01/14 - 31/12/14 (RM'000)
Revenue				
- Manufacturing	980	1,195	4,074	4,873
- Trading	0	151	21	475
- Investment & others	257	489	985	1,367
	1,237	1,835	5,080	6,715

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
	01/10/15 - 31/12/15 (RM'000)	01/10/14 - 31/12/14 (RM'000)	01/01/15 - 31/12/15 (RM'000)	01/01/14 - 31/12/14 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(528)	(796)	(3,513)	(4,212)
- Trading	0	(73)	(77)	(701)
- Investment & others	(101)	224	219	785
	(629)	(645)	(3,371)	(4,128)

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

Revenue for the quarter dipped by 32.6% to RM1.237 million as compared to corresponding quarter of the preceding year. For the twelve months cumulative total, revenue of the Group decreased by RM1.635 million or 24.3% to RM5.080 million compared to preceding year corresponding period.

During the period, the manufacturing, trading, and investment segment declined by 18.0%, 100.0% and 47.4% respectively. The decrease in the manufacturing segment was attributable to lower demand for our textile products. The Group's decision to wind up the trading segment resulted no activities. The decrease in the investment segment was due to lower intake of student tenants in the current academic year.

Profit / (Loss) before taxation

The Group's losses before taxation for the quarter was lower at RM629K compared to RM645K in the previous quarter of preceding year. The lower losses were resulted from cost cutting measures implemented during the quarter..

The Group's losses before taxation of RM3.371 million was lower compared to RM4.128 million in the corresponding period last year. In spite of the lower revenue, the manufacturing segment posted lower losses of RM3.513 million as compared to a loss of RM4.212 million due to cost cutting measures implemented during the period. The trading segment reported lower losses of RM77K, an improvement of RM624K as a result of UK ceased operation. Profit reduce by RM566K in the investment segment due to higher expenses incurred on maintenance and lower intake of student tenants during current academic year.

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

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

	<b>Current Quarter 01/10/15 - 31/12/15 (RM'000)</b>	<b>Preceding Quarter 01/07/15 - 30/09/15 (RM'000)</b>
Revenue	1,237	1,148
Profit/(Loss) before taxation	(629)	(1,086)
Profit/(Loss) after taxation (before non-controlling interest)	(629)	(1,086)
Profit/(Loss) after taxation (after non-controlling interest)	(626)	(1,079)

	<b>Current Quarter 01/10/15 - 31/12/15 (RM'000)</b>	<b>Preceding Quarter 01/07/15 - 30/09/15 (RM'000)</b>
Revenue		
- Manufacturing	980	1,038
- Trading	0	0
- Investment & others	257	110

**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 01/10/15 - 31/12/15	Preceding Quarter 01/07/15 - 30/09/15
Profit/ (Loss) before taxation		
- Manufacturing	(528)	(955)
- Trading	0	(50)
- Investment & others	(101)	(81)

During the quarter, the revenue of the Group increased by 0.1% to RM1.237 million as compared to preceding quarter. Manufacturing segment recorded lower revenue of RM980K as compared to RM1.038 million in the preceding quarter. There were no trading revenue as all sales were transacted through the manufacturing segment. Investment segment increased was due to the current academic period student tenants.

The manufacturing segment recorded lower losses of RM528K as compared to RM955K in the preceding quarter due to the higher margin recorded. The trading segment has ceased operation. The investment segment recorded a higher losses of RM101K compared to losses of RM81K in the preceding quarter due to provision for financial cost.

**B3. Prospects**

The economic condition remains uncertain and we have now focus our attention on increasing revenue while implementing cost cutting measures. Severe trimming of expenses has allowed the Group to record lower losses in spite of substantial decline in revenue. The Group is focusing on the alternatives to boost the production process and marketing team.

**B4. Profit forecast**

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

**B5. Taxation**

	Individual Quarter 3 months ended 31/12/15 (RM'000)	Cumulative Quarter 12 months ended 31/12/15 (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 22 February 2016.

**B7. Borrowings and debt securities**

	Term Loan (RM'000)	(RM'000)	Total (RM'000)
<b>Current liabilities</b>			
Term Loan	4,654	-	4,654
	<u>4,654</u>	<u>-</u>	<u>4,654</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 22 February 2016

**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 RM3.340 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 December 2015, into realised and unrealised losses is as follows:-

	Current Quarter 31/12/15 (RM'000)	Preceding Quarter 30/09/15 (RM'000)
Realised losses	(70,106)	(66,735)
Unrealised	452	335
	<u>(69,654)</u>	<u>(66,400)</u>
Add: Consolidation adjustments	43,591	39,723
	<u>(26,063)</u>	<u>(26,677)</u>

By Order of the Board

Wong Youn Kim

Company Secretary

Date: 22 February 2016