

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position
as at 30 September 2018**

	(Unaudited)	(Audited)
	30/9/2018	30/6/2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,307	13,521
Investment properties	8,373	8,272
	<hr/>	<hr/>
Total non-current assets	21,680	21,793
Current assets		
Inventories	8,617	8,836
Trade receivables	616	458
Other receivables, deposits and prepayments	696	406
Deposits placed with licensed banks	310	309
Cash and bank balances	3,342	4,176
	<hr/>	<hr/>
Total current assets	13,581	14,185
	<hr/>	<hr/>
TOTAL ASSETS	35,261	35,978
	<hr/>	<hr/>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	28,994	28,994
Accumulated losses	(10,094)	(9,766)
Reserves	4,896	4,805
	<hr/>	<hr/>
Total equity attributable to owners of the parent	23,796	24,033
Non-controlling interests	(390)	(390)
	<hr/>	<hr/>
Total equity	23,406	23,643
	<hr/>	<hr/>

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position
as at 30 September 2018 (continued)**

	(Unaudited) 30/9/2018 RM'000	(Audited) 30/6/2018 RM'000
Non-current liabilities		
Deferred taxation	551	551
Borrowings	2,837	2,915
Total non-current liabilities	<hr/> 3,388	<hr/> 3,466
Current liabilities		
Trade payables	468	598
Other payables and accruals	1,326	1,642
Current tax liabilities	8	8
Amount due to a directors	5,624	5,340
Borrowings	1,041	1,281
Total current liabilities	<hr/> 8,467	<hr/> 8,869
Total liabilities	<hr/> 11,855	<hr/> 12,335
TOTAL EQUITY AND LIABILITIES	<hr/> 35,261	<hr/> 35,978
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.31	0.32

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income
for the 3 months period ended as at 30 September 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Sales	1,460	1,321	1,460	1,321
Cost of sales	(1,179)	(1,534)	(1,179)	(1,534)
Gross profit/ (loss)	281	(213)	281	(213)
Other operating income	56	32	56	32
Distribution expenses	(117)	(115)	(117)	(115)
Administrative expenses	(459)	(610)	(459)	(610)
Other operating expenses	-	(43)	-	(43)
Operating loss	(239)	(949)	(239)	(949)
Finance costs	(89)	(37)	(89)	(37)
Loss before tax	(328)	(986)	(328)	(986)
Taxation	-	14	-	14
Net loss for the financial period	(328)	(972)	(328)	(972)
Other comprehensive income, net of tax :				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation	91	117	91	117
Total comprehensive loss for the financial period	(237)	(855)	(237)	(855)

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(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income
for the 3 months period ended as at 30 September 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	RM'000	RM'000	RM'000	RM'000
Loss attributable to:				
Owners of the parent	(328)	(972)	(328)	(972)
Non-controlling interests	-	-	-	-
	(328)	(972)	(328)	(972)
Total comprehensive loss attributable to:				
Owners of the parent	(237)	(855)	(237)	(855)
Non-controlling interests	-	-	-	-
	(237)	(855)	(237)	(855)
Loss per ordinary share attributable to owners of the parent (sen)				
- basic	(0.43)	(1.28)	(0.43)	(1.28)
- diluted	(0.43)	(1.28)	(0.43)	(1.28)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Changes of Equity for the 3 months period ended 30 September 2018

	← Non-distributable →				Total	Non-Controlling Interest	Total Equity
	Share Capital	Asset Revaluation Reserves	Translation Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2018	28,994	4,912	(107)	(9,766)	24,033	(390)	23,643
Net loss for the period	-	-	-	(328)	(328)	-	(328)
Foreign currency translation	-	-	91	-	91	-	91
Total comprehensive loss for the financial period	-	-	91	(328)	(237)	-	(237)
As at 30 September 2018	28,994	4,912	(16)	(10,094)	23,796	(390)	23,406
As at 1 July 2017	16,913	4,912	(3)	(4,787)	17,035	(402)	16,633
Issuance of shares	12,081	-	-	-	12,081	-	12,081
Acquisition of subsidiaries	-	-	-	-	-	10	10
Net loss for the financial year	-	-	-	(4,979)	(4,979)	2	(4,977)
Foreign currency translation	-	-	(104)	-	(104)	-	(104)
Total comprehensive loss for the financial year	-	-	(104)	(4,979)	(5,083)	2	(5,081)
As at 30 June 2018	28,994	4,912	(107)	(9,766)	24,033	(390)	23,643

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Cash Flow for the 3 months period ended 30 September 2018

	CUMULATIVE QUARTER	
	3 months ended	
	30/9/2018	30/9/2017
	RM'000	RM'000
Cash flow from operating activities		
Loss before taxation	(328)	(986)
Adjustments for :-		
Depreciation for property, plant and equipment	214	318
Depreciation for investment property	39	41
Reversal of impairment on trade receivables	-	(28)
Bad debts written off	-	1
Gain on disposal of property, plant and equipments	(40)	-
Loss on liquidation of a subsidiary company	-	43
Unrealised gain in foreign exchange	(3)	-
Interest income	(12)	(1)
Interest expense	89	37
Operating loss before changes in working capital	<u>(41)</u>	<u>(575)</u>
Changes in working capital		
Inventories	218	(3)
Receivables	(447)	(299)
Payables	(162)	(6,604)
Net cash flows used in operation	<u>(432)</u>	<u>(7,481)</u>
Tax refund	-	14
Interest received	12	1
Net cash used in operating activities	<u>(420)</u>	<u>(7,466)</u>
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	40	-
Net cash used in investing activities	<u>40</u>	<u>-</u>
Cash flow from financing activities		
Interest paid	(89)	(37)
Proceed from issuance of share	-	6,555
Advances received from directors	-	1,131
Drawdown/(Repayment) of term loan	(368)	(114)
Net cash from financing activities	<u>(457)</u>	<u>7,535</u>
Net change in cash and cash equivalents	<u>(837)</u>	<u>69</u>
Cash and cash equivalents at beginning of financial period	4,485	665
Effect of currency translation differences	4	(3)
	<u>4,489</u>	<u>662</u>
Cash and cash equivalents at end of financial period	<u>3,652</u>	<u>731</u>
Cash and cash equivalents at the end of the financial period comprises the following :-		
Cash and bank balance	3,342	631
Deposits placed with licensed banks	310	100
	<u>3,652</u>	<u>731</u>

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

KUPMULAN POWERNET BERHAD

(Company No. 419227-X)

NOTES TO UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

A. Explanatory notes to interim financial reports

A1. Basis of preparation

The interim report is unaudited and has been prepared in compliance with the requirement of MFRS 134 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2018 and accompanying explanatory notes attached to the interim financial report.

A2. Adoption of Standards, Amendments and Annual Improvements to Standards

(a) Application of new or revised standards

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle
MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 15	Clarifications to MFRS 15
MFRS 140	Transfers of Investment Property

New IC Interpretation

IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
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The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Interpretation as did not have any significant effect on the financial statements of the Group, and did not result in significant changes to the Group's existing accounting policies.

A3. Audit report of preceding annual financial statements

The audited statements for the financial year ended 30 June 2018 were not subjected to any qualifications.

A4. Seasonal or cyclical factors

The demands for the Group's products are not subject to seasonal or cyclical factors during the current financial quarter under review.

A5. 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 during the current financial quarter under review.

A6. Material changes in accounting estimates

There were no changes in the estimates of amount reported in prior financial period that had a material effect in the current financial quarter under review.

A7. Issuance, cancellations, repurchase, resale and repayments of debts and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the current financial quarter under review.

A8. Dividend

No interim or final dividends were declared or paid during the current financial quarter under review.

A9. Segmental information

Segmental analysis of the results, assets employed and liabilities for the 3 months ended 30 September 2018 are as follows:-

	Revenue	Inter-segment Sales	Total
	RM'000	RM'000	RM'000
Property	-	-	-
Investment	111	-	111
Manufacturing & Others	1,349	-	1,349
Consolidation	1,460	-	1,460
	Profit / (Loss) before taxation	Total assets employed	Total liabilities
	RM'000	RM'000	RM'000
Property	(11)	7,921	7,194
Investment	(39)	8,667	8,004
Manufacturing & Others	(278)	30,557	8,637
	(328)	47,145	23,835
Elimination of inter-segment	-	(11,884)	(11,980)
Consolidation	(328)	35,261	11,855

A10. Valuation of property, plant and equipment

The valuation of plant, property and equipment have been brought forward without amendments from the financial statements for the quarter under review.

A11. 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.

A12. Change in composition of the Group

There were changes in the composition of the Group during the financial period under review.

A13. Changes in contingent liabilities and contingent assets

There were no contingent liability and contingent assets which become enforceable may have a material effect on the net assets, profits or financial position of the Group for the current financial period to date.

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 2018 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/07/18 - 30/09/18 (RM'000)	Preceding Year Corresponding Quarter 01/07/17 - 30/09/17 (RM'000)	3 months Ended 30/09/18 (RM'000)	3 months Ended 30/09/17 (RM'000)
Revenue	1,460	1,321	1,460	1,321
Profit/(Loss) before taxation	(328)	(986)	(328)	(986)
Profit/(Loss) after taxation (before non-controlling interest)	(328)	(972)	(328)	(972)
Profit/(Loss) after taxation (after non-controlling interest)	(328)	(972)	(328)	(972)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/07/18 - 30/09/18 (RM'000)	Preceding Year Corresponding Quarter 01/07/17 - 30/09/17 (RM'000)	3 months Ended 30/09/18 (RM'000)	3 months Ended 30/09/17 (RM'000)
Revenue				
- Property	-	-	-	-
- Investment	111	107	111	107
- Manufacturing & Others	1,349	1,214	1,349	1,214
	1,460	1,321	1,460	1,321

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/07/18 - 30/09/18 (RM'000)	Preceding Year Corresponding Quarter 01/07/17 - 30/09/17 (RM'000)	3 months Ended 30/09/18 (RM'000)	3 months Ended 30/09/17 (RM'000)
Profit/(Loss) before taxation				
- Property	(11)	(2)	(11)	(2)
- Investment	(39)	(60)	(39)	(60)
- Manufacturing & Others	(278)	(924)	(278)	(924)
	(328)	(986)	(328)	(986)

B1. Review of performance (continued)Revenue

Revenue for the quarter increased by 10.52% to RM1.430 million as compared to RM1.321 million in the corresponding quarter of the preceding year.

During the quarter, the Investment segment registered a revenue of RM0.111 million, a increased of 3.74% as compared to RM0.107 million in the corresponding quarter of the preceding year. The manufacturing segment recorded a revenue of RM1.349 million, increased by 11.12% compared to RM1.214 million in the corresponding quarter of the preceding year. The increased in revenue for the investment segment was due to the higher demand of the rooms. The increased in the manufacturing segment was attributable to higher demand of our textile products.

Profit / (Loss) before taxation

The Group's losses before taxation for the quarter was decreased to RM0.328 million compared to RM0.986 million in the corresponding quarter of preceding year. The lower losses were due lower administrative costs incurred for manufacturing segments during the corresponding quarter of the preceding year and lower maintenance costs from investment segment compared to corresponding quarter of preceding year.

The Group losses decreased by RM0.658 million to RM0.328 million or decreased 66.73% compared to RM0.986 million in the corresponding quarter of preceding year. Investment segment made a loss of RM0.039 million compared to a loss of RM0.06 million in corresponding quarter of preceding year is due to the lower demand for students hostel. Manufacturing segment losses reduced by RM0.646 million to RM0.278 million compared to RM0.924 million in the corresponding quarter of preceding year mainly due to higher revenue and lower administrative costs incurred compare to corresponding quarter of preceding year.

B2. Variation of results against preceding quarter

A comparison of the results of the current quarter ended 30 September 2018 against immediate preceding quarter is as follows:-

	Current Quarter 01/07/18 - 30/09/18 (RM'000)	Preceding Quarter 01/04/18 - 30/06/18 (RM'000)
Revenue	1,460	1,280
Profit/(Loss) before taxation	(328)	(1,508)
Profit/(Loss) after taxation (before non-controlling interest)	(328)	(1,395)
Profit/(Loss) after taxation (after non-controlling interest)	(328)	(1,395)

	Current Quarter 01/07/18 - 30/09/18 (RM'000)	Preceding Quarter 01/04/18 - 30/06/18 (RM'000)
Revenue		
- Property	-	-
- Investment	111	85
- Manufacturing & Others	1,349	1,195
	1,460	1,280
Elimination of inter-segment	-	-
Consolidation	1,460	1,280

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 01/07/18 - 30/09/18	Preceding Quarter 01/04/18 - 30/06/18
Profit/ (Loss) before taxation		
- Property	(11)	(8)
- Investment	(39)	(272)
- Manufacturing	(278)	(1,698)
	(328)	(1,978)
Elimination of inter-segment	-	470
Consolidation	(328)	(1,508)

During the quarter, the revenue of the Group increased by 14.06% to RM1.460 million as compared to preceding quarter of RM1.280 million. There were no property revenue. Investment segment increased by RM0.026 million to RM0.111 million compared to RM0.085 million in last quarter. Manufacturing segment recorded revenue of RM1.349 million a increased of RM0.180 million from RM1.195 million during the quarter mainly due to higher demand of the products.

The property segment losses is due to the construction costs incurred during the quarter. The investment segment recorded a loss of RM0.039 million compared to RM0.272 million loss in the preceding quarter mainly due to the lower operation costs during this quarter. The manufacturing segment recorded lower losses of RM0.278 million as compared to losses of RM1.698 million in the preceding quarter mainly due to lower costs incurred during this quarter.

B3. Prospects

We are optimistic with the general outlook for the upcoming year.

Quarter-on-quarter revenue increased 14% with all both Manufacturing and Investment segments showed improvement. Manufacturing revenue registered an increase of 12.9% and Investment revenue increased 30%.

Construction on the Sentul joint venture property development between KPB and Majlis Bekas Wakil Rakyat (MUBARAK) has also started and currently undergoing piling works. We have also engaged professional property agency to handle the sales of this project.

B4. Profit forecast

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

B5. Taxation

	Individual Quarter 3 months ended 30/09/18 (RM'000)	Cumulative Quarter 3 months ended 30/09/18 (RM'000)
Current tax expense	-	-
Deferred tax expense	-	-
Total	<u>-</u>	<u>-</u>

B6. Status of corporate proposals

As at 28 September 2018, we wishes to announce that the Company entered into a Memorandum of Understanding (“MOU”) with Applied Science Co. Ltd to explore the establishment of a partnership, co-operation or collaboration and to enter into the next phase of product development cycle by commercialising the technology developed by AJ, namely the superfast charging and discharging of battery related products (“AJ Technology”), amongst others, for mass market sale and distribution on a worldwide basis commencing with the marketing, sale and distribution of “power-bank” related electronic products and electric/hybrid vehicular battery.

B7. Current liabilitiesTerm Loan (Secured)

Long Term loan	2,837
Short Term loan	1,041
	<u>3,878</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 since the last financial year ended 30 June 2018 up to 30 November 2018.

B10. Dividends

The Board does not recommend any dividend for the current period under review.

B11. Earnings / (loss) per share

The calculation of basic earnings / (loss) per share for the current quarter under review is based on the net loss attributable to owners of parent of RM 328,000 over the number of ordinary shares in issue during the current period of 76,149,941.

B12. Disclosure pursuant to appendix 9B of main market listing requirement

	Individual Quarter 3 months ended 30/09/18 (RM'000)	Cumulative Quarter 3 months ended 30/09/18 (RM'000)
(a) interest income	12	12
(b) other income including investment income	-	-
(c) interest expense	(89)	(89)
(d) depreciation and amortization	(253)	(253)
(e) Gain/(Loss) on disposal of property, plant and equipments	40	40
(f) (Provision) for / reversal of and write off of receivables	-	-
(g) provision for and write off of inventories	-	-
(h) Loss on liquidation of subsidiary company	-	-
(i) impairment of assets	-	-
(j) Realised (loss)/gain on foreign exchange	(1)	(1)
(k) Unrealised (loss)/gain on foreign exchange	3	3
(l) gain or loss on derivatives and	-	-
(m) exceptional items (with details)	-	-

By Order of the Board

Wong Youn Kim
Company Secretary
Date: 28 November 2018