



KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
(Company No: 199701003731 (419227-X))
(Incorporated in Malaysia)

**QUARTERLY REPORT ON THE
CONSOLIDATED RESULTS FOR THE
QUARTER AND PERIOD ENDED
30 JUNE 2021**

(The Figures in this Quarterly Report have not been Audited)

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Quarter and Period ended 30 June 2021

	Individual quarter			Cumulative quarter		
	3 months ended		Changes %	12 months ended		Changes %
	30/6/2021	30/6/2020		30/6/2021	30/6/2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	101,305	39,361	157	386,091	95,843	303
Cost of sales	(87,027)	(24,796)	251	(318,622)	(67,944)	369
Gross profit	14,278	14,565	(2)	67,469	27,899	142
Other income	529	1,129	(53)	1,568	1,436	9
Selling and distribution expenses	(8)	(38)	(79)	(53)	(104)	(49)
Administrative expenses	(3,487)	(4,242)	(18)	(13,505)	(9,773)	38
Other expenses	(2,221)	(1,311)	69	(2,700)	(1,447)	87
Profit from operations	9,091	10,103	(10)	52,779	18,011	193
Finance costs	(684)	11		(1,377)	(105)	
Profit before tax	8,407	10,114	(17)	51,402	17,906	187
Taxation	(1,794)	(2,806)		(13,168)	(5,130)	
Profit net of tax	6,613	7,308	(10)	38,234	12,776	199
Other comprehensive income:						
Item that is or may be reclassified subsequently to profit or loss						
Foreign currency translation	123	(123)		748	(132)	
Total comprehensive income for the financial period	6,736	7,185		38,982	12,644	
Profit attributable to:						
Owners of the parent	5,919	7,312		37,463	12,786	
Non-controlling interests	694	(4)		771	(10)	
	6,613	7,308		38,234	12,776	
Total comprehensive income attributable to:						
Owners of the parent	6,042	7,189		38,211	12,654	
Non-controlling interests	694	(4)		771	(10)	
	6,736	7,185		38,982	12,644	
Earnings per share attributable to owners of the parent (sen per share) *						
- basic	1.74	1.75		8.28	3.06	
- diluted	1.74	1.75		8.28	3.06	

* Earnings per share is based on weighted average number of shares of 339,247,986 (2020: 418,473,133) and 452,330,648 (2020: 418,473,133) for the period of 3 months and 12 months respectively. Comparative figure of the weighted average number of shares have been restated to reflect the adjustment arising from the share split.

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 2020 and the explanatory notes attached to the interim financial report.

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2021

	(Unaudited) 30/6/2021 RM'000	(Audited) 30/6/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,290	12,287
Right-of-use assets	1,554	511
Investment property	-	7,626
Intangible assets	12,973	11
Deferred tax assets	67	-
Total non-current assets	35,884	20,435
Current assets		
Inventories	2,794	2,017
Contract assets	13,113	6,155
Contract cost assets	1,421	2,760
Trade, other receivables, deposits and prepayments	149,791	46,056
Tax assets	3,461	-
Cash and bank balances	104,100	89,805
	274,680	146,793
Asset classified as held for sale	7,387	-
Total current assets	282,067	146,793
TOTAL ASSETS	317,951	167,228
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	97,730	97,730
Reserves	5,424	4,676
Retained earnings	38,413	3,506
Total equity attributable to owners of the Company	141,567	105,912
Non-controlling interests	1,102	(4)
Total equity	142,669	105,908
Non-current liabilities		
Lease liabilities	702	254
Deferred tax liabilities	19	6
Borrowings	5,838	1,420
Total non-current liabilities	6,559	1,680
Current liabilities		
Trade and other payables	97,477	53,444
Contract liabilities	13,503	2,663
Lease liabilities	891	269
Borrowings	52,384	565
Tax liabilities	4,468	2,699
Total current liabilities	168,723	59,640
Total liabilities	175,282	61,320
TOTAL EQUITY AND LIABILITIES	317,951	167,228
Net assets per share attributable to ordinary equity holders of the Company (RM) *	0.31	0.25

* The calculation of net assets per share is based on weighted average number of shares of 452,330,648 (2020: 418,473,133). Comparative figure of the weighted average number of shares have been restated to reflect the adjustment arising from the share split.

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 2020 and the explanatory notes attached to the interim financial report.

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

Unaudited Condensed Consolidated Statements of Changes in Equity for the period ended 30 June 2021

	← Attributable to owners of the Company →				→		
	← Non-distributable →		Distributable				
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Retained earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
As at 1 July 2020	97,730	(236)	4,912	3,506	105,912	(4)	105,908
Net profit for the financial period	-	-	-	37,463	37,463	771	38,234
Foreign currency translation	-	748	-	-	748	-	748
Total comprehensive income for the period	-	748	-	37,463	38,211	771	38,982
Dividend paid	-	-	-	(2,556)	(2,556)	-	(2,556)
Acquisition of subsidiaries	-	-	-	-	-	329	329
Deconsolidation of subsidiaries	-	-	-	-	-	6	6
As at 30 June 2021	97,730	512	4,912	38,413	141,567	1,102	142,669
As at 1 July 2019	28,994	(104)	4,912	(9,280)	24,522	(395)	24,127
Net profit for the financial period	-	-	-	12,786	12,786	(10)	12,776
Foreign currency translation	-	(132)	-	-	(132)	-	(132)
Total comprehensive income for the period	-	(132)	-	12,786	12,654	(10)	12,644
<u>Transaction with owners:</u>							
Issue of share capital	68,736	-	-	-	68,736	-	68,736
Deconsolidation of subsidiaries	-	-	-	-	-	401	401
As at 30 June 2020	97,730	(236)	4,912	3,506	105,912	(4)	105,908

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the explanatory notes attached to the interim financial report.

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2021

	Unaudited 30/6/2021 RM'000	Audited 30/6/2020 RM'000
Cash flows from operating activities		
Profit before taxation	51,402	17,906
Adjustments for :-		
Allowance for impairment loss on:		
- trade and other receivables	168	143
- investment property	1,005	245
Amortisation of intangible assets	3	1
Depreciation for investment property	174	170
Depreciation for property, plant and equipment	1,618	649
Depreciation of right-of-use assets	546	249
Reversal of term loan	-	(745)
Interest expense	1,305	105
Interest expense on lease liabilities	72	-
Unrealised loss in foreign exchange	119	222
Inventories written off	-	333
Interest income	(885)	(69)
Gain on disposal of property, plant and equipment	(99)	-
Gain on disposal of subsidiaries	(16)	-
Operating profit before changes in working capital	55,412	19,209
Inventories	(161)	(841)
Contract assets	(6,958)	(6,155)
Contract cost assets	1,339	4,651
Contract liabilities	6,918	2,663
Trade and other receivables	(92,613)	(37,689)
Trade and other payables	36,835	32,144
Cash generated from operations	772	13,982
Interest received	885	69
Tax paid	(20,040)	(3,443)
Net cash (used in)/generated from operating activities	(18,383)	10,608
Cash flows from investing activities		
Net cash outflow from acquisition of subsidiaries	(9,534)	-
Proceeds from disposal of subsidiaries	10	-
Proceeds from disposal of property, plant and equipment	100	-
Acquisition of property, plant and equipment	(2,848)	(167)
Acquisition of intangible assets	(9)	(12)
Net cash used in investing activities	(12,281)	(179)
Cash flows from financing activities		
Placements in bank restricted for use	(52,525)	(20)
Drawdown of trade financing	28,115	-
Drawdown of revolving credits	35,000	-
Proceeds from hire purchase	2,605	-
Dividend paid	(2,556)	-
Repayment of trade financing	(14,661)	-
Repayment of hire purchase	(1,570)	-
Repayment of term loans	(853)	(575)
Payment for the principal portion of lease liabilities	(333)	(237)
Interest paid	(708)	(74)
Interest paid on lease liabilities	(72)	(31)
Advances from a Director	-	10,000
Issuance of share capital	-	68,736
Net cash (used in)/generated from financing activities	(7,558)	77,799

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

Condensed Consolidated Statements of Cash Flow for the period ended 30 June 2021 (continued)

	Unaudited 30/6/2021 RM'000	Audited 30/6/2020 RM'000
Net (decrease)/increase in cash and cash equivalents	<u>(38,222)</u>	<u>88,228</u>
Effect of exchange rate changes	(8)	51
Cash and cash equivalents at 1 July	<u>89,785</u>	<u>1,506</u>
	<u>89,777</u>	<u>1,557</u>
Cash and cash equivalents at the end of year	<u>51,555</u>	<u>89,785</u>
Cash and cash equivalents at the end of year comprised :-		
Cash and bank balances	103,883	81,573
Fixed deposits with licensed banks	217	8,212
	<u>104,100</u>	<u>89,785</u>
Less: Fixed deposits held as security	<u>(52,545)</u>	<u>-</u>
	<u>51,555</u>	<u>89,785</u>

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the explanatory notes attached to the interim financial report.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134

A1. Basis of Preparation

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020.

A2. Changes in accounting policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 30 June 2020, except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial period beginning on or after 1 July 2020:

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 4 Insurance Contracts
(Extension of the Temporary Exemption from Applying MFRS 9, Financial Instruments)
- Amendments to MFRS 9 Financial Instruments,
MFRS 139 Financial Instruments: Recognition and Measurement,
MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts
and MFRS 16 Leases (Interest Rate Benchmark Reform-Phase 2)
- Amendments to MFRS 101 Presentation of Financial Statements and
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendment to MFRS 101 Presentation of Financial Statements
(Classification of Liabilities as Current or Non-current - Deferral of Effective Date)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRS/ Amendment/ Interpretation	Effective date
• Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concession beyond 30 June 2021	1 April 2021
• MFRS 16 Leases (Annual Improvement to MFRS Standards 2018 - 2020)	1 January 2022
• MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
• MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
• MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
• Annual Improvements to MFRS Standards 2018-2020	1 January 2022
• MFRS 117 Insurance Contracts	1 January 2023
• MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
• Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be confirmed
• Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be confirmed

The Group plans to apply from the annual period beginning on 1 July 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020. The Group does not plan to apply MFRS 17, Insurance Contracts as it is not applicable to the Group.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)**

A2. Changes in accounting policies (continued)

The initial application for the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group.

(a) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in the report.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A3. Changes in debt and equity securities

On 13 November 2020, the Company announced to undertake the following exercises:

- (a) Share Split involving a subdivision of every 1 existing ordinary share in KPower ("KPower Share(s)" or "Share(s)") into 4 KPower Shares ("Subdivided Shares") ("Proposed Share Split"); and
- (b) Issuance of up to 150,776,882 free warrants in KPower ("Warrant(s)") on the basis of 1 Warrant for every 3 Subdivided Shares ("Proposed Issuance of Free Warrants").

The Company had on 28 December 2020 obtained its shareholders' approval for the proposed exercises. The Proposed Share Split has been completed on 13 January 2021 while the Proposed Issuance of Free Warrants has been completed on 25 January 2021.

A4. Dividend paid

During the quarter under review, the first and final single-tier tax exempt dividend of 2.26 sen per ordinary share in respect of the financial year ended 30 June 2020 was paid on 23 December 2020.

A5. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2020 was not subject to any qualification.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)**

A6. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

A7. Unusual items due to their nature, size or incidence

- (a) On 9 October 2020, the Company has incorporated a company known as KPower Logistics Sdn. Bhd. ("KPower Logistics") with 1,000,000 ordinary shares representing 100% shareholding for a total cash consideration of RM1,000,000.
- (b) On 21 October 2020, the Company has entered into a share sale agreement with Sabaka for the acquisition of 2,193,000 ordinary shares in Chemtrax Sdn Bhd ("Chemtrax"), representing 51% equity interest in Chemtrax, by the Company for a total cash consideration of RM10.00 million ("Proposed Acquisition"). The Proposed Acquisition has been completed on 31 December 2020.
- (c) On 18 November 2020, the Company has incorporated a company known as KPower Healthcare & Technologies Sdn. Bhd. ("KPower Healthcare") with 1,000,000 ordinary shares representing 100% shareholding for a total cash consideration of RM1,000,000.
- (d) During the financial year, the Company has disposed its 51% interest in CBG Capital Sdn. Bhd. and 51% interest in CBG Builders Sdn. Bhd. for a total cash consideration of RM10,000. The disposal of subsidiaries has been completed on 2 June 2021.
- (e) On 5 January 2021, the Company has entered into a share sale agreement with SIRIM Tech Ventures Sdn. Bhd. ("SIRIM Tech") for the acquisition of 5,950,000 ordinary shares in Granulab (M) Sdn. Bhd. ("Granulab"), representing 70% equity interest in Granulab, by the Company for a total cash consideration of RM1.00 million ("Proposed Acquisition"). The Proposed Acquisition has been completed on 2 April 2021.
- (f) On 14 June 2021, the Company has incorporated a company known as PKNP KPower Suria Sdn. Bhd. ("PKSSB") with 950,000 ordinary shares representing 95% shareholding for a total cash consideration of RM950,000.

A8. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial year, which have material effects on the financial position or performance in the current interim period under review.

**PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS PER MFRS 134 (CONTINUED)**

A9. Segment information

The segment information for the current period ended 30 June 2021 are as follows:

	Individual quarter	Cumulative quarter
	3 months ended	12 months ended
	30/6/2021	30/6/2021
	RM'000	RM'000
Revenue		
Construction related activities	95,490	361,087
Property development and investment	207	9,250
Healthcare *	488	5,513
Logistics	5,120	10,241
Total revenue	101,305	386,091
Profit/(loss) before taxation		
Construction related activities	10,189	50,559
Property development and investment	(1,038)	2,066
Healthcare *	(1,103)	(2,080)
Logistics	359	857
Total profit before taxation	8,407	51,402
	(Unaudited)	(Audited)
	30/6/2021	30/6/2020
	RM'000	RM'000
Assets		
Construction related activities	352,901	150,976
Property development and investment	30,909	29,807
Healthcare *	21,443	14,743
Logistics	19,602	-
Elimination of inter-segment	(106,904)	(28,298)
Total assets	317,951	167,228
Liabilities		
Construction related activities	201,074	45,879
Property development and investment	24,814	24,493
Healthcare *	24,329	20,526
Logistics	12,669	-
Elimination of inter-segment	(87,604)	(29,578)
Total liabilities	175,282	61,320

* Healthcare segment constitutes manufacturing and healthcare related activities.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

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

- (i) On 5 July 2021, the Group has completed the sale of a freehold property known as The Lodge at 1 Princes Road, Liverpool, L8 1TG, United Kingdom for a total cash consideration of GBP1.25 million.

As at 30 June 2021, the fair value of the Property was determined using the Property's selling price from the sale purchase agreement. This has resulted in an impairment loss of GBP0.17 million (RM1.00 million). Subsequently, the net carrying value of GBP1.25 million (RM7.39 million) was reclassified to "Asset classified as held for sale".

- (ii) On 17 September 2021, the Company has incorporated a company known as KPower RE Sdn. Bhd. with 100 ordinary shares representing 100% shareholding for a total cash consideration of RM100.

A11. Changes in composition of the Group

- (a) On 9 October 2020, the Company has incorporated a company known as KPower Logistics with 1,000,000 ordinary shares representing 100% shareholding for a total cash consideration of RM1.00 million.
- (b) On 21 October 2020, the Company has entered into a share sale agreement with Sabaka for the acquisition of 2,193,000 ordinary shares in Chemtrax, representing 51% equity interest in Chemtrax, by the Company for a total cash consideration of RM10.00 million. The Proposed Acquisition has been completed on 31 December 2020.
- (c) On 18 November 2020, the Company has incorporated a company known as KPower Healthcare with 1,000,000 ordinary shares representing 100% shareholding for a total cash consideration of RM1.00 million.
- (d) During the financial year, the Company has disposed its 51% interest in CBG Capital Sdn. Bhd. and 51% interest in CBG Builders Sdn. Bhd. for a total cash consideration of RM10,000. The disposal of subsidiaries has been completed on 2 June 2021.
- (e) On 5 January 2021, the Company has entered into a share sale agreement with SIRIM Tech for the acquisition of 5,950,000 ordinary shares in Granulab, representing 70% equity interest in Granulab, by the Company for a total cash consideration of RM1.00 million. The Proposed Acquisition has been completed on 2 April 2021.
- (f) On 14 June 2021, the Company has incorporated a company known as PKSSB with 950,000 ordinary shares representing 95% shareholding for a total cash consideration of RM950,000.

A12. Contingent liabilities

There were no contingent liabilities which become enforceable that may have a material effect on the assets or financial position of the Group for the current financial period.

A13. Capital commitments

Capital expenditure at the end of the financial year as follows:

	30/6/2021	30/6/2020
	RM'000	RM'000
Authorised capital expenditure for property, plant and equipment not provided for in the financial statements		
- Approved and contracted for	<u>6,283</u>	<u>-</u>

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A14. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at 30/6/2021
	RM'000
Cost	
As at 1 July 2020	37,309
Additions	2,848
Disposals	(397)
Acquisition of subsidiaries	27,172
As at 30 June 2021	<u>66,932</u>
Accumulated depreciation	
As at 1 July 2020	(25,022)
Charge for the financial year	(1,618)
Disposals	396
Acquisition of subsidiaries	(19,398)
As at 30 June 2021	<u>(45,642)</u>
Net carrying amount	
As at 30 June 2021	<u>21,290</u>

A15. Intangible assets

	Current financial quarter as at 30/6/2021		
	Software	Goodwill on consolidation	Total
	RM'000	RM'000	RM'000
Cost			
As at 1 July 2020	12	-	12
Additions	9	-	9
Acquisition of subsidiaries	-	12,956	12,956
As at 30 June 2021	<u>21</u>	<u>12,956</u>	<u>12,977</u>
Accumulated depreciation			
As at 1 July 2020	(1)	-	(1)
Charge for the financial year	(3)	-	(3)
As at 30 June 2021	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Net carrying amount			
As at 30 June 2021	<u>17</u>	<u>12,956</u>	<u>12,973</u>

The accounting of business combination of Granulab was based on the provisional fair values of its identifiable assets and liabilities. In accordance with MFRS 3, the Group will be carrying out the purchase price allocation exercise within 12 months from the date of acquisition. The provisional goodwill of RM5,150,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised.

KPOWER BERHAD
(formerly known as KUMPULAN POWERNET BERHAD)
199701003731 (419227-X)

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER MFRS 134 (CONTINUED)

A16. Inventories

	Current financial quarter as at 30/6/2021
	RM'000
Stated at cost	
- Manufacturing:	
Raw materials	79
Work-in-progress	562
Consumables	867
Manufactured inventories	1,286
Total inventories	<u>2,794</u>

A17. Finance income and finance expense

	Individual quarter		Cumulative quarter	
	3 months ended		12 months ended	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RM'000	RM'000	RM'000	RM'000
Finance income	509	52	885	69
Finance expense:				
- Hire purchase	(115)	-	(207)	-
- Term loan	(35)	11	(104)	(105)
- Revolving credits	(368)	-	(863)	-
- Trade financing	(122)	-	(131)	-
	(640)	11	(1,305)	(105)
- Lease liabilities	(44)	-	(72)	-
	(684)	11	(1,377)	(105)

A18. Share Capital

	Number of ordinary shares		Amount	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	'000	'000	RM'000	RM'000
Issued and fully paid:				
At 1 July	113,083	76,150	97,730	28,994
Issued during the financial year:				
- Cash	-	36,933	-	68,736
- Share split (i)	339,248	-	-	-
At 30 June	<u>452,331</u>	<u>113,083</u>	<u>97,730</u>	<u>97,730</u>

(i) Represent the number of subdivided shares of 339,247,986 pursuant to share split involving a subdivision of every 1 existing ordinary share into 4 shares.

The issuance of 150,776,882 free warrants on the basis of 1 warrant for every 3 subdivided shares has been completed on 25 January 2021 following the listing and quotation of the warrants on the Main Market of Bursa Securities. No warrants were exercised during the financial period from the completion date to 30 June 2021.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA

B1. Performance Review By Segments

	<u>Individual quarter</u>		<u>Cumulative quarter</u>		<u>Variance</u>	
	<u>3 months ended</u>		<u>12 months ended</u>		<u>3 months</u>	<u>12 months</u>
	<u>30/6/2021</u>	<u>30/6/2020</u>	<u>30/6/2021</u>	<u>30/6/2020</u>	<u>ended</u>	<u>ended</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>%</u>
Revenue						
Construction related activities	95,490	37,923	361,087	79,571	152	354
Property development and investment	207	1,007	9,250	15,616	(79)	(41)
Healthcare	488	431	5,513	656	13	740
Logistics	5,120	-	10,241	-	100	100
Total revenue	101,305	39,361	386,091	95,843	157	303
Profit/(loss) before taxation						
Construction related activities	10,189	10,583	50,559	14,720	(4)	243
Property development and investment	(1,038)	394	2,066	5,884	(363)	(65)
Healthcare	(1,103)	(863)	(2,080)	(2,698)	28	(23)
Logistics	359	-	857	-	100	100
Total profit before taxation	8,407	10,114	51,402	17,906	(17)	187

For the quarter and period ended 30 June 2021:

(a) Construction Related Activities Segment

The construction related activities recorded a revenue of RM361.09 million, an increase of 354% as compared to the previous financial year ("FY2020"). The increase in revenue was mainly due to progress of existing projects and contributions from projects based on order basis in Malaysia and Indonesia.

(b) Property Development and Investment Segment

Property development and investment segment recorded a revenue of RM9.25 million from the sale of commercial units in Sentul. The revenue is based on the progress of completion during the period for the units sold. The loss before taxation ("LBT") of RM1.04 million during the quarter under review ("Q4FY2021") is due to impairment of an investment property of RM1.00 million.

(c) Healthcare Segment

The healthcare segment consists of manufacturing and healthcare related activities. The segment recorded a revenue of RM5.51 million, an increase of 740% as compared to FY2020 due to sales from distribution of healthcare related products in Malaysia and Indonesia. The LBT decreased to RM2.08 million, a decrease of 23% as compared to FY2020.

(d) Logistics

Logistics segment recorded a revenue of RM10.24 million and profit before tax of RM0.86 million contributed from a newly acquired subsidiary.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B2. Comments On Material Changes In Result Before Taxation In The Current Financial Quarter As Compared With The Immediate Preceding Financial Quarter

	Current financial quarter 30/6/2021	Immediate preceding quarter 31/3/2021	Variance Increase	
	RM'000	RM'000	RM'000	%
Group revenue	386,091	284,786	101,305	36
Gross profit from operations	52,779	43,688	9,091	21
Group profit before taxation	51,402	42,995	8,407	20
Group profit for the financial year	38,234	31,621	6,613	21

As at 30 June 2021, the Group recorded an increase in revenue of 36% as compared to the immediate preceding quarter ("Q3FY2021"). This was mainly due to progress of existing projects and contributions from projects based on order basis in Malaysia and Indonesia. The gross profit from operations for the current financial quarter was at RM52.78 million representing an increase of 21% as compared to Q3FY2021 which is consistent with the increase of profit before tax of RM51.40 million and profit after tax of RM38.23 million or 20% and 21% respectively, as compared to Q3FY2021.

B3. Prospects

COVID-19 UPDATE

Due to the differences of vaccination rate between countries, COVID-19 virus has been evolving rapidly over time into various types of mutations. Currently, there are namely four variants labelled as 'variants of concern' by the World Health Organization ("WHO") which are Alpha, Beta, Gamma and Delta.

Delta variant, which originated from India, has caused other countries to be heavily infected including the United States and recently Japan, in which Japanese Government plans to extend their state of emergency in Tokyo until the end of September due to its fifth and biggest wave of COVID-19 cases.

According to WHO, in addition to the four variants of concern, there are also 'variants of interest' including Eta, Iota, Kappa, Lambda and Mu, which were recently updated on its website through 'tracking SARS-CoV-2 variants' section on 2 September 2021.

COVID-19 IN MALAYSIA

Meanwhile in Malaysia, there has been a surge of new COVID-19 wave recording an average number of approximately 20,000 new cases per day since July 2021. This has then brought cumulative COVID-19 infections in the country to 1.75 million as of 31 August 2021.

According to the Ministry of Health Malaysia's update on 31 August 2021, citing data from the COVID-19 Immunisation Task Force ("CITF"), 60.1% of the total population of Malaysians have received their first dose whilst 45.6% have completed their vaccination.

Based on the data stated by the Special Committee for Ensuring Access to COVID-19 Vaccine Supply ("JKJAV") via its website, approximately 21.3 million of Malaysians have registered for the vaccination programme as of 31 August 2021. However, due to the spiking number of new cases, CITF has then offered walk-in vaccination for Malaysians to help speed up the National COVID-19 Immunisation Programme.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

Based on a press conference held by the Minister of Health, YB Khairy Jamaluddin, on 1 September 2021, Malaysia is on its route to an endemic phase by the end of October 2021, when it is expected that 80% of Malaysian population will have received their COVID-19 vaccination. For the foreseeable future, COVID-19 shall be categorised as a disease that is present permanently in Malaysia. Thus, new norms such as mandatory facemask-wearing, will be continued to be practised as more economic and social sectors reopen in October 2021.

While Malaysia is in the move onto endemic stage, health experts have voiced out their cautions for Malaysians to continue to be vigilant.

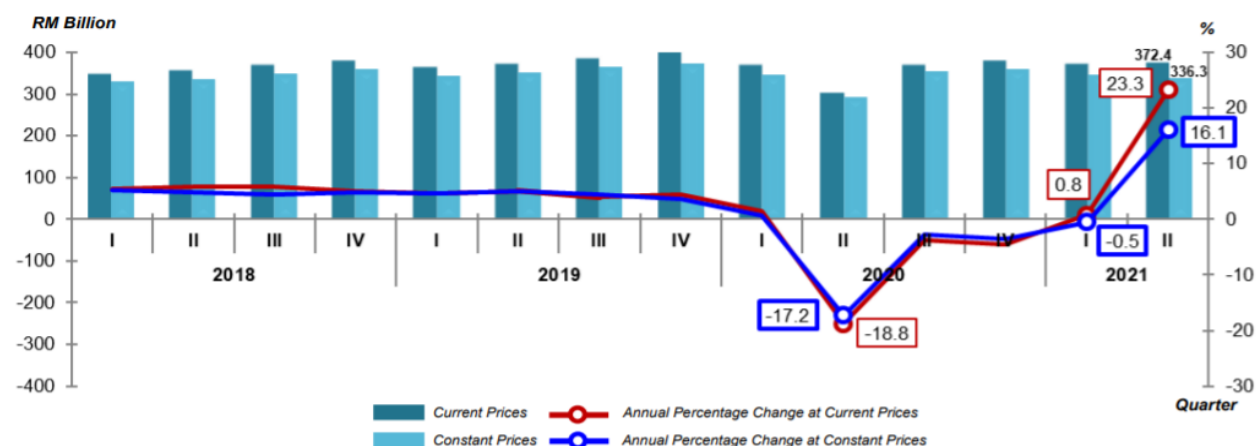
ECONOMY IN GENERAL

The global economic outlook remains uncertain due to uneven recovery with the effectiveness of vaccination programmes as the main cue of economic recovery. Most of the advanced economies are rebounding and expected to move forward with the normalisation of activities later this year. Meanwhile, many emerging and developing economies are still facing obstacles in receiving supply of vaccination. However, smooth and durable recoveries are not assured even in places where infections are seemingly under control with the possibility of new COVID-19 waves, further delays in vaccination as well as rising debt levels and inflationary pressure.

The projection of economic growth by the International Monetary Fund (“IMF”) in its World Economic Outlook (“WEO”) published in July 2021 remains unchanged at 6.0% for 2021, but with offsetting revisions between advanced economies which were revised upwards and emerging market economies which were revised downwards. These revisions reflect the pandemic developments especially with regards to the pace of vaccination rollout, differences in the extent of policy support and availability of policy space.

The global growth forecast for 2022 has been revised up by 0.5% to 4.9%, lifted by the revision in forecast of advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the country.

MALAYSIAN ECONOMY



Source: Department of Statistics, Malaysia.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

The Malaysian economy recorded a robust performance by expanding to 16.1% in the second quarter of 2021, compared to growth of -0.5% in first quarter of 2021. During the second quarter, all economic sectors registered an improvement, especially the manufacturing sector. On the expenditure side, growth was lifted by higher private sector spending and strong trade activity. The economic activity has begun to recover at the beginning of the second quarter but at a slow pace especially under Phase 1 of the re-imposition of Full Movement Control Order (“FMCO”) in June 2021.

Bank Negara Malaysia (“BNM”) in its Quarterly Bulletin 2Q 2021 has revised the baseline projection of Malaysian economy growth in 2021 to 3.0 – 4.0% compared to the forecast of 6.0 – 7.5% growth in its Economic and Monetary Review 2020 published in March 2021. The revision of baseline projection is mainly due to the rapid growth in COVID-19 cases around May 2021 which has led to implementation of the FMCO on 1 June 2021.

However, Malaysia’s economy is expected to remain on a recovery path, supported by stronger external demand, faster progress in vaccination rate and the continued targeted policy support for households and businesses. The outlook also assumes a reopening of all economic sectors nationwide, in which all states will be in transition into Phase 4 of the National Recovery Plan (“NRP”) by the last quarter of this year.

KPOWER’S PERSPECTIVE

Despite the challenging environment due to uncertainty of outlook in global and domestic economic, the rising numbers of COVID-19 cases and re-imposition of FMCO, KPower and its subsidiaries (“the Group”) have adapted and deployed our resources to put the necessary structure along with continuous enhancement to our workforce in building our internal expertise, capabilities and capacities. The Group managed to record notable growth for 12 months period as compared to preceding year. The revenue reported during the 12 months period is RM386.09 million, showing a growth of 303% in revenue Year over Year (“YoY”). Meanwhile, profit after tax stood at RM38.23 million, expanded by 199%. The Group’s performance mainly contributed by its main segment, which is construction related activities.

Following the success as a shortlisted bidder for the fourth cycle of the Large Scale Solar (“LSS4”) programme competitive bidding through collaboration with Pahang state’s entity, Perbadanan Kemajuan Negeri Pahang (“PKNP”), the KPower’s 95%-owned subsidiary, PKNP KPower Suria Sdn. Bhd. (“PKSSB”), had on 19 August 2021 signed the large-scale solar photovoltaic power purchase agreement (“PPA”) with Tenaga Nasional Berhad (“TNB”).

Under the LSS4 programme initiated by the Energy Commission Malaysia, PKSSB will design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50MWa.c. located in Mukim Bebar, Pekan, Pahang Darul Makmur.

The PPA governs the obligations of PKSSB and TNB to sell and purchase the energy generated by the Facility to TNB for a period of 21 years from the commercial operation date scheduled on 30 September 2023 in accordance with the agreed terms and conditions as stipulated in the PPA.

The PPA is expected to have a positive impact on the future earnings of KPower.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

CONSTRUCTION RELATED ACTIVITIES / ENERGY AND UTILITIES

In June 2021, the former Minister of Energy and Natural Resources Malaysia, Datuk Seri Dr Shamsul Anuar Nasarah has presented Malaysia's energy transition plans until 2040, which focuses on its power generation plan. Malaysia has revised its Renewable Energy ("RE") installed capacity to 31% in 2025 and 40% in 2035, compared to the 20% by 2025 target set in 2019/20. To date, the installed capacity for RE in Malaysia is 7,995MW. By 2035, the RE installed capacity is projected to increase more than double to 18,000 MW.

Following the revision in RE installed capacity, the carbon emission intensity from the power sector is set to be reduced by 45% in 2030, and a further 60% in 2035, compared to the 2005 level which is in line with Malaysia's Nationally Determined Contributions (NDCs) targets under the Paris Climate Agreement. The Minister further explained that more than 7,000 MW of coal power plants' PPAs will expire by 2033 and will be replaced mostly by gas and RE, thus lowering Malaysia's carbon emissions.

In order to increase the share of RE in the power capacity mix, the Malaysian Government will be focusing on Peninsular Malaysia which contributes to 80% of Malaysia's electricity demand. From the 31% RE target in 2025, 26% comes from Peninsular Malaysia. Meanwhile, out of the 40% target in 2035, Peninsular Malaysia accounts for 32%. RE capacity in Peninsular is projected to increase from the current 4,430MW to 10,944MW in the next 15 years. As solar has the highest potential, Malaysia plans to introduce battery energy storage systems (BESS), with a total capacity of 500MW from 2030 onwards.

The recent outlook on Malaysia's renewable energy sector provided a cue that this sector will be prioritised. Leveraging and strengthening on our regional presence while diversifying our product offering remain as our key strategy to ride on the aforesaid potential growth in the future. Apart from engineering, procurement, construction and commissioning ("EPCC") based revenue, KPower will continue to venture into asset ownership model initiated by our successful bid of 50MW in the LSS4 programme as mentioned above.

PROPERTIES

According to the Department of Statistics Malaysia ("DOSM"), the value of construction work done during the 2Q 2021 reported a significant growth of 42.6% compared to -10.5% in 1Q 2021. The private sector continued as a main contributor for the construction sector by reporting a share of 53.7%, which is equivalent to RM15.2 billion of the total value of construction work done. Meanwhile, the public sector contributed to 46.3% or RM13.1 billion of the total value of construction work done.

The Group's sole property project continues to contribute to the Group's earnings with the minimal exposure to market risk as all units have been fully taken up.

On 9 July 2021, KPower had announced the disposal of its student accommodation in Liverpool, which comprises a 36-bed student hall of residence that was converted from its previous use as a hostel in 2011, for a cash consideration of GBP1.25 million (equivalent to approximately RM7.19 million) ("Disposal"), which was completed on 5 July 2021. The property is a freehold property, located at 1 Princes Road, Liverpool, L8 1TG, United Kingdom, which is about one (1) mile south-east of Liverpool city center. The disposal represents an opportunity for KPower to unlock the value and monetise its non-core investment besides providing immediate cash flow that will be channeled towards meeting the general working capital requirements of KPower Group.

The Disposal will free up the monitoring resources and expense to more worthwhile ventures, hence enable the Group to continue to focus on its core competencies which mainly cover activities relating to sustainable energy and utilities.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B3. Prospects (continued)

LOGISTICS

The logistics business under Chemtrax Sdn. Bhd. (“Chemtrax”), which is 51% owned by KPower Logistics Sdn. Bhd., a subsidiary of KPower, has been performing within expectation. As the growth of the logistics sector is expected to be positive in the future supported by increase in demand, in line with the reopening in all economic activities. Currently, Chemtrax is experiencing growth from its existing customers under the rubber glove manufacturing sector. We are confident that Chemtrax will continue to contribute positively to the Group’s earnings, backed by their 20 years of experience, its logistics facilities, its assets and KPower’s network as well as financial strength.

HEALTHCARE AND TECHNOLOGIES

The main revenue contributor for this segment is from the distribution of healthcare related products in Indonesia, which previously announced in early 2021 for the total contracts of approximately RM73 million under KPower Healthcare & Technologies Sdn. Bhd., a wholly owned subsidiary of KPower.

This segment is still undergoing business review and integration to enhance its performance in the future. We are confident that this potential segment will contribute to the Group’s earnings in long term, leveraging on the technical knowhow, licenses and certifications held by Granulab (M) Sdn. Bhd. as well as the existing network of the majority shareholders and experience of the key management.

END NOTE

Despite a few setbacks of the Group’s plans for the financial year ended June 2021 caused by COVID-19, we remain optimistic and confident that we are able to speed up the pace of the business while strengthening the future plan through securing new projects and business opportunities including asset ownership-based investment, backed by the strong presence in Energy and Utilities segment combined with the enhancement and deployment of resources in other segments.

B4. Variance of Actual Profit from Profit Forecast

The Group did not provide any revenue or profit estimate, forecast, projection or internal targets in any previous announcement of public document.

B5. Corporate Proposal

Corporate Proposals Announced but Pending Completion

On 24 May 2021, RHB Investment Bank, on behalf of the Board, announced that the Company proposed to undertake a private placement of such number of new ordinary shares in KPower to third party investors at an issue price to be determined later pursuant to Sections 75 and 76 of the Companies Act 2016 to raise gross proceeds of up to RM100.0 million (“Proposed Private Placement”).

Subsequently, Bursa Malaysia Securities Berhad had on 1 June 2021, resolved to approve the listing and quotation of the placement shares. As at the date of this report, the Proposed Private Placement has yet to be completed.

Save as disclosed above, there was no other corporate proposals announced but not completed as at the date of this report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B5. Corporate Proposal (continued)

Utilisation of Proceeds for Private Placement

As per the announcement dated 30 June 2020, the Company has completed a private placement with issuance of 29.32 million shares in KPower and raised total proceeds of RM55.4 million ("Private Placement II"). As of 31 July 2021, the proceeds raised from the Private Placement II have been partially utilised as follows:

No.	Details of Utilisation of Proceeds	Proposed Utilisation of Proceeds (RM'000)	Amount Utilisation (RM'000)	% Utilised	Estimated Timeframe for Utilisation
1	Working capital for construction business	48,386	48,386	100.00%	12 months
2	General working capital	5,825	4,265	73.22%	12 months
3	Estimated expenses in relation to the Private Placement II	1,200	1,200	100.00%	1 month

The utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 19 May 2020 and circular dated 5 June 2020.

B6. Borrowings

The Group's financing/borrowings are as follows:

	As at 30/6/2021		As at 30/6/2020	
	Current RM'000	Non-current RM'000	Current RM'000	Non-current RM'000
Term loan	1,650	760	565	1,420
Hire purchase	2,279	5,078	-	-
Trade financing	13,455	-	-	-
Revolving credits	35,000	-	-	-
Total borrowings	52,384	5,838	565	1,420

Currently, the Group does not have any hedging policy for borrowing denominated in foreign currency due to borrowing is used to finance the Group's international business. The Group monitors the foreign currency movement and will take the necessary steps to minimise the risk whenever deemed appropriate.

B7. Material Litigation

There was no material litigation against the Group as at the reporting date.

B8. Dividend payable

No interim dividend has been declared during the current interim period under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA (CONTINUED)

B9. Earnings Per Share (“EPS”)

	<u>Individual quarter</u>	<u>Cumulative quarter</u>
	3 months ended 30/6/2021	12 months ended 30/6/2021
Profit attributable to owners of the Company (RM'000)	5,919	37,463
Weighted average number of ordinary shares in issue ('000)	339,248	452,331
Basic and diluted EPS (Sen)	<u>1.74</u>	<u>8.28</u>

Basic earnings per share amounts are calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue.

No warrants were exercised during the financial period from the completion date to 30 June 2021. The warrants are anti-dilutive and hence the diluted EPS is equal to the basic EPS.

B10. Profit Before Taxation

	<u>Individual quarter</u>	<u>Cumulative quarter</u>
	3 months ended 30/6/2021 RM'000	12 months ended 30/6/2021 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Allowance for impairment loss on:		
- trade and other receivables	168	168
- investment property	1,005	1005
Interest income	(509)	(885)
Depreciation of property, plant and equipment	652	1,618
Gain on disposal of property, plant and equipment	(26)	(99)
Loss on foreign exchange:		
- realised	763	1,159
- unrealised	374	119