

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Financial Report (Announcement)

30 Jun 2018

PNE PCB Berhad
Company No.168098-V
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUN 2018

	(Unaudited)	(Audited)
	As at 30 Jun 2018 RM'000	As at 31 March 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,299	31,078
Investment in quoted shares	1,525	1,657
Deferred tax asset	1,900	1,900
Total non-current assets	<u>34,724</u>	<u>34,635</u>
Current assets		
Inventories	10,336	11,637
Trade receivables	29,164	24,985
Other receivables	4,174	4,300
Tax recoverable	27	27
Cash and cash equivalents	17,489	20,272
Total current assets	<u>61,190</u>	<u>61,221</u>
Total assets	<u>95,914</u>	<u>95,856</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	27,072	27,072
Reserves	41,656	39,817
Total equity	<u>68,728</u>	<u>66,889</u>
LIABILITIES		
Non-Current liability		
Finance Lease	436	462
Total non-current liability	<u>436</u>	<u>462</u>
Current liabilities		
Trade payables	22,615	24,213
Other payables	4,034	4,114
Finance Lease	101	101
Tax payable	-	77
Total current liabilities	<u>26,750</u>	<u>28,505</u>
Total liabilities	<u>27,186</u>	<u>28,967</u>
Total equity and liabilities	<u>95,914</u>	<u>95,856</u>
Net assets per share (RM)	0.52	0.51

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUN 2018

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 Jun 2018 RM'000	Preceding Year Corresponding Quarter 30 Jun 2017 RM'000	Current Period to date 30 Jun 2018 RM'000	Preceding Year Corresponding Period 30 Jun 2017 RM'000
Revenue	25,426	23,656	25,426	23,656
Cost of sales	(21,994)	(20,850)	(21,994)	(20,850)
Gross profit	3,432	2,806	3,432	2,806
Other income	881	370	881	370
Distribution expenses	(930)	(459)	(930)	(459)
Administration expenses	(2,740)	(2,368)	(2,740)	(2,368)
Profit before tax	643	349	643	349
Tax expenses	-	(59)	-	(59)
Profit for the financial period	643	290	643	290
Other comprehensive income, net of tax				
- Foreign currencies translation	1,196	(1,734)	1,196	(1,734)
Total comprehensive income/(expense) for the financial period	1,839	(1,444)	1,839	(1,444)
Earnings per share (sen)				
- Basic	0.49	0.22	0.49	0.22

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and accompanying explanatory notes attached to the interim financial statements.)

PNE PCB Berhad
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUN 2018

	Current Period ended 30 Jun 2018 RM'000	Current Period ended 30 Jun 2017 RM'000
OPERATING ACTIVITIES		
Profit before tax	643	2,240
Adjustments for:		
Allowance for doubtful debt	9	-
Depreciation of property, plant and equipment	535	1,565
Allowance/(Reversal) of impairment on quoted shares	133	(70)
Gross dividends from quoted shares in Malaysia	(1)	(1)
Interest income	(39)	(10)
Unrealised loss on foreign exchange	361	353
Loss/(Gain) on disposal of property, plant and equipment	22	(100)
Operating profit before working capital changes	1,663	3,977
Changes in working capital:		
Inventories	1,301	33
Receivables	(3,531)	3,206
Payables	(2,569)	(6,459)
Cash (used in)/generated from operations	(3,136)	757
Interest income	(2)	-
Income tax paid	(77)	(66)
Net cash (used in)/generated from operating activities	(3,215)	691
INVESTING ACTIVITIES		
Interest received	39	10
Dividends received from quoted shares	1	1
Purchase of property, plant and equipment	(879)	(1,547)
Proceeds from disposal of property, plant and equipment	75	100
Net cash used in investing activities	(764)	(1,436)
CASH AND CASH EQUIVALENTS		
Net changes	(3,979)	(745)
Effect of exchange rate changes	1,196	(524)
At beginning of the financial period	20,272	11,170
At end of the financial period	17,489	9,901
Cash and cash equivalents comprise of:		
- Cash and bank balances	9,600	6,743
- Fixed deposits with licensed banks **	7,889	3,158
	17,489	9,901

** Fixed deposits RM567 thousand with licensed banks have been pledged to licensed banks for banking facilities granted to the Group

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018 and accompanying explanatory notes attached to the interim financial statements.)

PNE PCB Berhad

Company No.168098-V

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 JUN 2018 (continued)**

	←————— Attributable to the owners of the Company —————→				
	←————— Non-distributable —————→				
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 October 2016	26,299	773	8,902	31,232	67,206
Profit for the financial period	-	-	-	3,629	3,629
Other comprehensive (expense)/income for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(3,946)	-	(3,946)
Total comprehensive (expense)/income for the financial period	-	-	(3,946)	3,629	(317)
Transaction to no-par value regime on 31 January 2017	773	(773)	-	-	-
Balance as at 31 March 2018 (Audited)	27,072	-	4,956	34,861	66,889

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM 773,300.00 for purposes as set out in Sections 618 (3).

PNE PCB BERHAD
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NOTES TO THE QUARTERLY REPORT –30 JUN 2018

1. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2018.

2. Significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in these interim financial statement are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2018.

3. Seasonal or cyclical factors

The Group’s revenue and profits are not materially affected by seasonal or cyclical factors.

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter-to-date.

5. Material change in estimates

There were no significant changes in estimates which will have a material effect in the current quarter under review.

6. Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

7. Dividends

No dividend has been paid and declared by the company since the end of the previous financial year.

8. Valuation of property and equipment

The Group did not revalue any of its property or equipment during the current period under review.

9. Subsequent Events

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

10. Changes in the composition of the Group

During the quarter under review, there were no changes in the composition of the Group.

11. Changes in Contingent assets and contingent liabilities

There were no material contingent assets and contingent liabilities since the last annual reporting date.

12. Commitments

There were no commitments as at the date of this report.

13. Significant related party disclosures

There were no significant related party transactions during the current period under review.

14. Auditor qualification

The audit report of the Group for the preceding annual financial statements was not subject to any audit qualification.

15. Change in material litigation

There is no material litigation as at the date of this quarterly report.

16. Borrowing and debt securities

There are neither borrowings nor debt securities at the date of this quarterly report.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities

1. Financial review for Current Quarter and Cumulative Quarter

	Individual Period			Cumulative Period		
	Current Period Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Current Period to-Date	Preceding Year Corresponding Period	Changes (Amount)
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	25,426	23,656	1,770	25,426	23,656	1,770
Operating Profit	3,432	2,806	626	3,432	2,806	626
Profit Before Interest and Tax	646	349	297	646	349	297
Profit Before Tax	643	349	294	643	349	294
Profit After Tax	643	290	353	643	290	353
Profit Attributable to Ordinary Equity Holder of the Company	643	290	353	643	290	353

Review of Group's Results for the current quarter and Period-to-date ended 30 Jun 2018

The Group recorded a revenue of RM25.426 million for the quarter ended 30 Jun 2018. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM0.643 million and RM0.643 million for the period respectively.

The Group's revenue of RM25.426 million for the period to date 30 Jun 2018 represents an increase of approximately 7.48% as compared to the preceding corresponding period. The Group achieved PBT and PAT of RM0.643 million and RM0.643 million respectively for the period to date 30 Jun 2018, as compared to PBT and PAT of RM0.349 million and RM0.290 million respectively for the preceding year to date 30 Jun 2017.

The reason of the Group's higher revenue for the current period to date was mainly due to higher orders from clients and also through improved of productivity and efficiency through automation.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 30.06.2018 RM'000	Immediate Preceding Quarter 31.03.2018 RM'000	Changes (Amount) RM'000
Revenue	25,426	21,000	4,426
Operating Profit	3,432	1,943	1,489
Profit / (Loss) Before Interest and Tax	646	(458)	1,104
Profit / (Loss) Before Tax	643	(458)	1,101
Profit / (Loss) After tax	643	(455)	1,098
Profit / (Loss) Attributable to the Owners of the Company	643	(455)	1,098

The Group recorded a higher revenue of RM25.426 million, increase of RM4.426 million or approximately 21.08% as compared to the immediate preceding quarter ended 31 March 2018. The Group recorded PBT of RM0.643 million as compared to LBT of RM0.458 million in the immediate preceding quarter ended 31 March 2018. Two factors related to the increase of revenue. Firstly, increase of selling price in proportion to cost up of direct and indirect materials and, secondly, declination of Malaysia Ringgit against US dollar.

3. Current year prospects

Overall demands of single sided and double sided PCB will not increase significantly but other manufacturers and competitors are getting fewer due to severe control of environment and pollution has resulted in other PCB makers ceasing production. With that, PNE PCB has taken advantage at this situation to maintain and increase orders by 10% in this financial period.

4. Segment information

Segment information is presented in respect of the Group's geographical segments. Inter-segment pricing is determined based on a negotiated basis.

	Revenue 3 months ended 30 Jun		Profit before tax 3 months ended 30 Jun	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysia	4,947	4,729	66	(565)
Singapore	4	38	(209)	(6)
People's Republic of China	20,533	18,927	753	918
	25,484	23,694	610	347
Inter-segment elimination	(58)	(38)	(816)	(368)
	<u>25,426</u>	<u>23,656</u>		
Segment result			(206)	(21)
Other income			849	370
			<u>643</u>	<u>349</u>

5. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

6. Taxation

	Current Quarter		Cumulative Quarter	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>(59)</u>

7. Status of corporate proposal announced

On 24 May 2017, Mercury Securities Sdn Bhd ("Mercury") announced on behalf of the Board of Directors of the Company ("BOD") that the Company proposed to undertake the following proposals ("Proposals"):-

- i. Proposed renounceable rights issue of up to 907,329,300 new irredeemable convertible preference shares in PNE ("ICPS") together with up to 75,610,775 free detachable warrants ("Warrants") on the basis of 12 ICPS together with 1 Warrant for every 2 existing ordinary shares in PNE ("PNE Shares") held by the entitled shareholders on an entitlement date to be determined ("Proposed Rights Issue of ICPS with Warrants"); and
- ii. Proposed amendments to the Constitution of the Company ("Proposed Amendments").

7. Status of corporate proposal announced (continued)

Bursa Securities had, vide its letter dated 29 June 2017, approved the following:-

- i. admission to the Official List and the listing of up to 907,329,300 ICPS and up to 75,610,775 Warrants to be issued pursuant to the Proposed Rights Issue of ICPS with Warrants;
- ii. listing of up to 907,329,300 new PNE Shares to be issued pursuant to the conversion of ICPS; and
- iii. listing of up to 75,610,775 new PNE Shares to be issued pursuant to the exercise of the Warrants.

On 4 July 2017, Mercury announced on behalf of the BOD that the Company has resolved to fix the Conversation Price of the ICPS at RM0.40 and the exercise price of the Warrants at RM0.50 per Warrant on 4 July 2017.

On 31 July 2017, the Company had obtained its shareholders' approval for the Proposals. The Proposed Amendments has become effective on the event date.

On 22 November 2017, Mercury announced on behalf of the BOD that the Company has submitted an application to seek Bursa Securities' consideration and approval for an extension of time of 6 months from 29 December 2017 up to 29 June 2018 for the Company to implement and complete the Rights Issue of ICPS with Warrants. Bursa Securities had on 18 December 2017 approved the said application.

On 2 May 2018, Mercury announced on behalf of the BOD that the Company has submitted an application to seek Bursa Securities' consideration and approval for a further extension of time of 6 months from 29 June 2018 to 29 December 2018 for the Company to implement and complete the Right Issue of ICPS with Warrants. Bursa Securities had on 24 May 2018 approved the said application.

Save as disclosed above, there are no other corporate proposals announced, which are pending completion as at the reporting date.

8. Trade Receivable

The Group's normal trade credit terms range from 60 days to 135 days term.

	As at current quarter ended 30 Jun 2018				
	Current	1-2 months	2-3 months	More than 3 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Denominated in RM	7,746	12,014	4,358	5,046	29,164
Trade receivables					

9. Earnings Per Share

	Current Period Quarter 30.06.2018	Preceding Year Corresponding Quarter 30.06.2017	Current Period To Date 30.06.2018	Preceding Year To Date 30.06.2017
(a) Basic Earnings Per share				
Profit after tax (RM'000)	643	290	643	290
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	131,497
Basic Earnings per share (sen)	0.49	0.22	0.49	0.22

(b) Diluted Earnings Per Share

Not applicable.

10. Notes to the condensed consolidated statement of comprehensive income

Profit before taxation is arrived at after charging/ (crediting) the following items:-

	Current Period Quarter 30.06.2018 RM'000	Current Period To Date 30.06.2018 RM'000
Depreciation of equipment	535	535
Interest income	(39)	(39)
Loss on disposal of property, plant and equipment	22	22
Impairment loss on quoted share	133	133
Foreign exchange (gain)/loss		
-Unrealised	361	361
Allowance for doubtful debt	9	9