

# **PNE PCB Berhad**

(Company No. 168098-V)

(Incorporated in Malaysia)

## **Financial Report (Announcement)**

**30 September 2018**

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEP 2018**

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	(Unaudited)	(Audited)
	As at 30 Sep 2018	As at 31 Mar 2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,867	31,078
Investment in quoted shares	1,570	1,657
Deferred tax asset	1,900	1,900
Total non-current assets	<u>35,337</u>	<u>34,635</u>
<b>Current assets</b>		
Inventories	12,034	11,637
Trade receivables	28,977	24,985
Other receivables	4,521	4,300
Tax recoverable	27	27
Cash and cash equivalents	21,670	20,272
Total current assets	<u>67,229</u>	<u>61,221</u>
<b>TOTAL ASSETS</b>	<u>102,566</u>	<u>95,856</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	27,072	27,072
Reserves	42,343	39,817
<b>Total equity</b>	<u>69,415</u>	<u>66,889</u>
<b>LIABILITIES</b>		
<b>Non-Current liability</b>		
Finance Lease	1,322	462
Total non-current liability	<u>1,322</u>	<u>462</u>
<b>Current liabilities</b>		
Trade payables	28,350	24,213
Other payables	3,056	4,114
Finance Lease	423	101
Tax payable	-	77
Total current liabilities	<u>31,829</u>	<u>28,505</u>
<b>TOTAL LIABILITIES</b>	<u>33,151</u>	<u>28,967</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>102,566</u>	<u>95,856</u>
<b>Net assets per share (RM)</b>	0.53	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.)

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

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	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 Sep 2018 RM'000	Preceding Year Corresponding Quarter 30 Sep 2017 RM'000	Current Period to date 30 Sep 2018 RM'000	Preceding Year Corresponding Period 30 Sep 2017 RM'000
Revenue	25,204	23,965	50,630	-
Cost of sales	(22,571)	(21,748)	(44,565)	-
<b>Gross profit</b>	<u>2,633</u>	<u>2,217</u>	<u>6,065</u>	-
Other income	943	1,815	1,824	-
Distribution expenses	(682)	(1,941)	(1,612)	-
Administration expenses	(3,497)	(988)	(6,237)	-
<b>(Loss) / Profit before tax</b>	<u>(603)</u>	<u>1,103</u>	<u>40</u>	-
Tax expenses	-	7	-	-
<b>(Loss) / Profit for the financial period</b>	<u>(603)</u>	<u>1,110</u>	<u>40</u>	-
<b>Other comprehensive income, net of tax</b>				
- Foreign currencies translation	1,290	888	2,486	-
<b>Total comprehensive income/(expense) for the financial period</b>	<u>687</u>	<u>1,998</u>	<u>2,526</u>	-
<b>Earnings per share (sen)</b>				
- Basic	(0.46)	0.84	0.03	-

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.

Note : In view of the change in financial year end from 30 September 2017 to 31 March 2018, there were no comparative financial information available for the cumulative year to date 6 months financial period end to 30 September 2018.

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

(The figures below are unaudited)

	Current Period ended 30 Sep 2018 RM'000	Current Period ended 30 Sep 2017 RM'000
<b>Operating Activities</b>		
Profit before tax	40	-
<b>Adjustments for:</b>		
Allowance for doubtful debts	18	-
Depreciation of property, plant and equipment	1,090	-
Allowance of impairment on quoted shares	90	-
Gross dividends from quoted shares in Malaysia	(16)	-
Interest income	(71)	-
Unrealised loss on foreign exchange	1,088	-
Loss on disposal of property, plant and equipment	22	-
Operating profit before working capital changes	<u>2,261</u>	<u>-</u>
Changes in working capital:		
Inventories	(397)	-
Receivables	1,113	-
Payables	(3,353)	-
Cash (used in)/generated from operations	<u>(376)</u>	<u>-</u>
Interest income	(3)	-
Income tax paid	(77)	-
Net cash (used in)/generated from operating activities	<u>(456)</u>	<u>-</u>
<b>Investing Activities</b>		
Interest received	71	-
Gross dividends from quoted shares in Malaysia	16	-
Purchase of property, plant and equipment	(794)	-
Proceeds from disposal of property, plant and equipment	75	-
Net cash used in investing activities	<u>(632)</u>	<u>-</u>
Effect of exchange rate changes	2,486	-
Net changes	(1,088)	-
Cash and cash equivalents at beginning of the period	<u>20,272</u>	<u>-</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>21,670</b></u>	<u><b>-</b></u>
<b>Cash and cash equivalents comprise of:</b>		
- Cash and bank balances	13,799	-
- Fixed deposits with licensed banks **	7,871	-
	<u>21,670</u>	<u>-</u>

\*\* Fixed deposits RM571 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.

Note : In view of the change in financial year end from 30 September 2017 to 31 March 2018, there were no comparative financial information available for the cumulative year to date 6 months financial period end to 30 September 2018.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD  
 ENDED 30 SEP 2018**

	← Attributable to the owners of the Company →			
	← Non-distributable →			
	Share capital RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 April 2018	27,072	4,956	34,861	66,889
Profit for the financial period	-	-	40	40
Other comprehensive income for the financial period, net of tax:				
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	2,486	-	2,486
Total comprehensive income for the financial period	-	2,486	40	2,526
Balance as at 30 Sep 2018 (Unaudited)	27,072	7,442	34,901	69,415

(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**

Company No.168098-V

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED  
30 SEP 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
Ba	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**  
**(Company No. 168098-V)**  
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**NOTES TO THE QUARTERLY REPORT –30 SEP 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.

## 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)
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	25,204	23,965	1,239	50,630	-	N/A
Operating Profit	2,633	2,217	416	6,065	-	N/A
Loss / Profit Before Interest and Tax	(588)	1,103	(1,691)	55	-	N/A
Loss / Profit Before Tax	(603)	1,103	(1,706)	40	-	N/A
Loss / Profit After Tax	(603)	1,110	(1,713)	40	-	N/A
Loss / Profit Attributable to Ordinary Equity Holder of the Company	(603)	1,110	(1,713)	40	-	N/A



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

The Group recorded a revenue of RM25.204 million for the quarter ended 30 Sep 2018. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM0.603 million for the period respectively.

The Group recorded a revenue of RM50.630 million for the period to date 30 Sep 2018. The Group achieved profit before tax ("PBT") and profit after tax ("PAT") of RM0.040 million respectively for the period to date 30 Sep 2018.

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

### 2. Financial review for Current Quarter and Immediate Preceding Quarter

	<b>Current Period Quarter 30.09.2018 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2018 RM'000</b>	<b>Changes (Amount) RM'000</b>
<b>Revenue</b>	25,204	25,426	(222)
<b>Operating Profit</b>	2,633	3,432	(799)
<b>(Loss) / Profit Before Interest and Tax</b>	(588)	646	(1,234)
<b>(Loss) / Profit Before Tax</b>	(603)	643	(1,246)
<b>(Loss) / Profit After tax</b>	(603)	643	(1,246)
<b>(Loss) / Profit Attributable to the Owners of the Company</b>	(603)	643	(1,246)

The Group recorded a lower revenue of RM25.204 million, decrease of RM0.222 million or approximately 0.873% as compared to the immediate preceding quarter ended 30 Jun 2018 because of slight decrease of order from Vietnam's customers. The Group recorded LBT of RM0.603 million as compared to PBT of RM0.643 million in the immediate preceding quarter ended 30 Jun 2018. The losses mainly due to China plant encountered huge loss in forex due to sharp depreciation of Chinese Yuen (CNY).

### 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.

	<b>Revenue Current Period Quarter 30.09.2018 RM'000</b>	<b>Profit before tax Current Period to date 30.09.2018 RM'000</b>
Malaysia	10,529	2,565
Singapore	20	(352)
People's Republic of China	40,203	(154)
	<hr/>	<hr/>
	50,752	2,059
Inter-segment elimination	<hr/>	<hr/>
	(122)	(3,843)
	<hr/>	<hr/>
	50,630	
Segment result		(1,784)
Other income		1,824
		<hr/>
		40
		<hr/>

#### 5. Profit forecast and profit guarantee

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

#### 6. Taxation

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax expense				
Malaysian Tax				
-Current period	<hr/>	<hr/>	<hr/>	<hr/>
	-	7	-	-

#### 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 Sep 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					
Trade receivables	6,924	13,669	3,449	4,935	28,977

## 9. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	<u>RM'000</u>
<u>Long Term Borrowings</u>	
Hire Purchase Payable	1,322
<u>Short Term Borrowings</u>	
Hire Purchase Payable	423
Total	<u>1,745</u>

## 10. Earnings Per Share

	<b>Current Period Quarter 30.09.2018</b>	<b>Preceding Year Corresponding Quarter 30.09.2017</b>	<b>Current Period To Date 30.09.2018</b>	<b>Preceding Year To Date 30.09.2017</b>
<b>(a) Basic Earnings Per share</b>				
(Loss)/Profit after tax (RM'000)	(603)	1,110	40	-
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	-
Basic Earnings per share (sen)	(0.46)	0.84	0.03	-

### (b) Diluted Earnings Per Share

Not applicable.

## 11. Notes to the condensed consolidated statement of comprehensive income

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

	<b>Current Period Quarter 30.09.2018 RM'000</b>	<b>Current Period To Date 30.09.2018 RM'000</b>
Depreciation of equipment	555	1,090
Interest income	(32)	(71)
Loss on disposal of property, plant and equipment	-	22
Impairment (gain)/ loss on quoted share	(43)	90
Foreign exchange loss		
-Unrealised	727	1,088
Allowance for doubtful debt	9	18