

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Financial Report (Announcement)

31 December 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2018

	(Unaudited)	(Audited)
	As at 31 Dec 2018	As at 31 Mar 2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,772	31,078
Investment in quoted shares	1,099	1,657
Deferred tax asset	1,900	1,900
Total non-current assets	<u>35,771</u>	<u>34,635</u>
Current assets		
Inventories	9,468	11,637
Trade receivables	23,375	24,985
Other receivables	4,272	4,300
Tax recoverable	27	27
Cash and cash equivalents	21,668	20,272
Total current assets	<u>58,810</u>	<u>61,221</u>
TOTAL ASSETS	<u>94,581</u>	<u>95,856</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	27,072	27,072
Reserves	40,627	39,817
Total equity	<u>67,699</u>	<u>66,889</u>
LIABILITIES		
Non-Current liability		
Finance Lease	1,715	462
Total non-current liability	<u>1,715</u>	<u>462</u>
Current liabilities		
Trade payables	21,088	24,213
Other payables	3,508	4,114
Finance Lease	571	101
Tax payable	-	77
Total current liabilities	<u>25,167</u>	<u>28,505</u>
TOTAL LIABILITIES	<u>26,882</u>	<u>28,967</u>
TOTAL EQUITY AND LIABILITIES	<u>94,581</u>	<u>95,856</u>
Net assets per share (RM)	0.51	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 31 DEC 2018

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Dec 2018 RM'000	Preceding Year Corresponding Quarter 31 Dec 2017 RM'000	Current Period to date 31 Dec 2018 RM'000	Preceding Year Corresponding Period 31 Dec 2017 RM'000
Revenue	20,042	23,601	70,672	-
Cost of sales	(18,661)	(20,441)	(63,226)	-
Gross profit	<u>1,381</u>	<u>3,160</u>	<u>7,446</u>	-
Other income	582	694	2,406	-
Distribution expenses	(857)	(175)	(2,469)	-
Administration expenses	(2,922)	(2,861)	(9,159)	-
(Loss) / Profit before tax	<u>(1,816)</u>	<u>818</u>	<u>(1,776)</u>	-
Tax expenses	(23)	(11)	(23)	-
(Loss) / Profit for the financial period	<u>(1,839)</u>	<u>807</u>	<u>(1,799)</u>	-
Other comprehensive income, net of tax				
- Foreign currencies translation	123	(2,589)	2,609	-
Total comprehensive (expenses)/income for the financial period	<u>(1,716)</u>	<u>(1,782)</u>	<u>810</u>	-
Earnings per share (sen)				
- Basic	(1.40)	0.61	(1.37)	-

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 9 months financial period end to 31 December 2018.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DEC 2018

(The figures below are unaudited)

	Current Period ended 31 Dec 2018 RM'000	Current Period ended 31 Dec 2017 RM'000
Operating Activities		
Profit before tax	(1,776)	-
Adjustments for:		
Allowance for doubtful debts	79	-
Depreciation of property, plant and equipment	1,652	-
Allowance of impairment on quoted shares	562	-
Gross dividends from quoted shares in Malaysia	(17)	-
Interest income	(277)	-
Unrealised loss on foreign exchange	1,356	-
Gain on disposal of property, plant and equipment	(17)	-
Operating profit before working capital changes	1,562	-
Changes in working capital:		
Inventories	2,169	-
Receivables	7,550	-
Payables	(11,077)	-
Cash generated from operations	204	-
Interest income	(4)	-
Income tax paid	(101)	-
Net cash generated from operating activities	99	-
Investing Activities		
Interest received	277	-
Gross dividends from quoted shares in Malaysia	17	-
Purchase of property, plant and equipment	(1,999)	-
Proceeds from disposal of property, plant and equipment	140	-
Net cash used in investing activities	(1,565)	-
Financing Activities		
Repayment of finance lease payables	253	-
Net cash from financing activities	253	-
Effect of exchange rate changes	2,609	-
Net changes	(1,213)	-
Cash and cash equivalents at beginning of the period	20,272	-
Cash and cash equivalents at end of the period	21,668	-
Cash and cash equivalents comprise of:		
- Cash and bank balances	13,720	-
- Fixed deposits with licensed banks **	7,948	-
	21,668	-

** Fixed deposits RM575 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 31 December 2018.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
 ENDED 31 DEC 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	-	-	(1,799)	(1,799)
Other comprehensive income for the financial period, net of tax:				
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	2,609	-	2,609
Total comprehensive income for the financial period	-	2,609	(1,799)	810
Balance as at 31 Dec 2018 (Unaudited)	27,072	7,565	33,062	67,699

(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
31 DEC 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
(Company No. 168098-V)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT –31 DEC 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)
	31.12.2018	31.12.2017		31.12.2018	31.12.2017	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	20,042	23,601	(3,559)	70,672	-	N/A
Operating Profit	1,381	3,160	(1,779)	7,446	-	N/A
Loss / Profit Before Interest and Tax	(1,799)	818	(2,617)	(1,759)	-	N/A
Loss / Profit Before Tax	(1,816)	818	(2,634)	(1,776)	-	N/A
Loss / Profit After Tax	(1,839)	807	(2,646)	(1,799)	-	N/A
Loss / Profit Attributable to Ordinary Equity Holder of the Company	(1,839)	807	(2,646)	(1,799)	-	N/A

Review of Group's Results for the current quarter and Period-to-date ended 31 Dec 2018

The Group recorded a revenue of RM20.042 million for the quarter ended 31 Dec 2018. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM1.816 million and RM1.839 million for the period respectively.

The Group recorded revenue of RM70.672 million for the period to date 31 Dec 2018. The Group recorded loss before tax ("LBT") of RM1.776 million and loss after tax ("LAT") of RM1.799 million respectively for the period to date 31 Dec 2018.

The reason of the Group's lower revenue for the current period to date was mainly due to decrease of order from customers.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.09.2018 RM'000	Changes (Amount) RM'000
Revenue	20,042	25,204	(5,162)
Operating Profit	1,381	2,633	(1,252)
(Loss) / Profit Before Interest and Tax	(1,799)	(588)	(1,211)
(Loss) / Profit Before Tax	(1,816)	(603)	(1,213)
(Loss) / Profit After tax	(1,839)	(603)	(1,236)
(Loss) / Profit Attributable to the Owners of the Company	(1,,839)	(603)	(1,236)

The Group recorded a lower revenue of RM20.042 million, decrease of RM5.162 million or approximately 20.48% as compared to the immediate preceding quarter ended 30 Sep 2018 because of decrease order from customers. The Group recorded LBT of RM1.816 million as compared to LBT of RM0.603 million in the immediate preceding quarter ended 30 Sep 2018. The losses mainly due to about 20% slowdown of sales in the year end in China.

3. Current year prospects

Uncertainty factors such as the trade war between US and China has impacted and slowed down market demands. Withdrawal of American customers from China and placing priority in Thailand and Vietnam instead of Malaysia as alternate source of supplies due to short of labour and weak supply chain compared to these other countries. This will result in a challenging environment.

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 Current Period Quarter 31.12.2018 RM'000	Profit before tax Current Period to date 31.12.2018 RM'000
Malaysia	14,897	1,648
Singapore	28	(364)
People's Republic of China	55,896	(796)
	<u>70,821</u>	<u>488</u>
Inter-segment elimination	<u>(149)</u>	<u>(4,670)</u>
	<u>70,672</u>	
Segment result		(4,182)
Other income		2,406
		<u>(1,776)</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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>23</u>	<u>11</u>	<u>23</u>	<u>-</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.

On 12 December 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 December 2018 to 29 June 2019 for the Company to implement and complete the Right Issue of ICPS with Warrants. Bursa Securities had on 18 January 2019 approved the said application for a final extension of time of 6 months from 29 December 2018 up to 29 June 2019.

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 31 Dec 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	5,881	8,444	2,423	6,627	23,375

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	1,715
<u>Short Term Borrowings</u>	
Hire Purchase Payable	571
Total	<u><u>2,286</u></u>

10. Earnings Per Share

	Current Period Quarter 31.12.2018	Preceding Year Corresponding Quarter 31.12.2017	Current Period To Date 31.12.2018	Preceding Year To Date 31.12.2017
(a) Basic Earnings Per share				
(Loss)/Profit after tax (RM'000)	(1,839)	807	(1,799)	-
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	-
Basic Earnings per share (sen)	(1.40)	0.61	(1.37)	-

(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:-

	Current Period Quarter 31.12.2018 RM'000	Current Period To Date 31.12.2018 RM'000
Depreciation of equipment	562	1,652
Interest income	(206)	(277)
Gain on disposal of property, plant and equipment	(39)	(17)
Impairment loss on quoted share	472	562
Foreign exchange loss		
-Unrealised	268	1,356
Allowance for doubtful debt	61	79