

**PNE PCB Berhad**

(Company No. 168098-V)

(Incorporated in Malaysia)

**Financial Report (Announcement)**

**31 March 2019**

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAR 2019**

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	(Unaudited)	(Audited)
	As at 31 Mar 2019	As at 31 Mar 2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,839	31,078
Investment in quoted shares	927	1,657
Deferred tax asset	1,900	1,900
Total non-current assets	<u>35,666</u>	<u>34,635</u>
<b>Current assets</b>		
Inventories	9,726	11,637
Trade receivables	17,808	24,985
Other receivables	2,097	4,300
Tax recoverable	257	27
Cash and cash equivalents	22,374	20,272
Total current assets	<u>52,262</u>	<u>61,221</u>
<b>TOTAL ASSETS</b>	<u><b>87,928</b></u>	<u><b>95,856</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	27,072	27,072
Reserves	36,758	39,817
<b>Total equity</b>	<u><b>63,830</b></u>	<u><b>66,889</b></u>
<b>LIABILITIES</b>		
<b>Non-Current liability</b>		
Finance Lease	1,746	462
Total non-current liability	<u>1,746</u>	<u>462</u>
<b>Current liabilities</b>		
Trade payables	19,515	24,213
Other payables	2,369	4,114
Finance Lease	451	101
Tax payable	17	77
Total current liabilities	<u>22,352</u>	<u>28,505</u>
<b>TOTAL LIABILITIES</b>	<u><b>24,098</b></u>	<u><b>28,967</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>87,928</b></u>	<u><b>95,856</b></u>
<b>Net assets per share (RM)</b>	0.49	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.)

**PNE PCB Berhad**  
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(Incorporated In Malaysia)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MAR 2019**

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	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Mar 2019 RM'000	Preceding Year Corresponding Quarter 31 Mar 2018 RM'000	Current Period to date 31 Mar 2019 RM'000	Preceding Year Corresponding Period 31 Mar 2018 RM'000
Revenue	17,808	21,000	88,480	-
Cost of sales	(15,648)	(19,057)	(78,874)	-
<b>Gross profit</b>	<u>2,160</u>	<u>1,943</u>	<u>9,606</u>	-
Other income	531	1,565	2,937	-
Distribution expenses	(265)	(1,037)	(2,734)	-
Administration expenses	(6,035)	(2,929)	(15,194)	-
<b>Loss before tax</b>	<u>(3,609)</u>	<u>(458)</u>	<u>(5,385)</u>	-
Tax expenses	(10)	3	(33)	-
<b>Loss for the financial year</b>	<u>(3,619)</u>	<u>(455)</u>	<u>(5,418)</u>	-
<b>Other comprehensive income, net of tax</b>				
- Foreign currencies translation	(251)	(2,675)	2,358	-
<b>Total comprehensive expenses for the financial year</b>	<u>(3,870)</u>	<u>(3,130)</u>	<u>(3,060)</u>	-
<b>Earnings per share (sen)</b>				
- Basic	(2.75)	(0.35)	(4.12)	-

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 12 months financial period end to 31 March 2019.

**PNE PCB Berhad**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MAR 2019**

(The figures below are unaudited)

	<b>Current Year to 31 Mar 2019 RM'000</b>	<b>Current Year to 31 Mar 2018 RM'000</b>
<b>Operating Activities</b>		
Loss before tax	(5,385)	-
<b>Adjustments for:</b>		
Allowance for doubtful debts	3,822	-
Allowance for slow moving inventories	122	-
Depreciation of property, plant and equipment	2,231	-
Property, plant and equipment written off	69	-
Reversal of impairment on property, plant and equipment	(55)	-
Impairment loss on quoted shares	730	-
Gross dividends from quoted shares in Malaysia	(17)	-
Interest income	(311)	-
Unrealised loss on foreign exchange	785	-
Gain on disposal of property, plant and equipment	(19)	-
<b>Operating profit before working capital changes</b>	<u>1,972</u>	<u>-</u>
Changes in working capital:		
Inventories	2,310	-
Receivables	11,948	-
Payables	(12,009)	-
<b>Cash generated from operations</b>	<u>4,221</u>	<u>-</u>
Income tax paid	(479)	-
<b>Net cash generated from operating activities</b>	<u>3,742</u>	<u>-</u>
<b>Investing Activities</b>		
Interest received	311	-
Gross dividends from quoted shares in Malaysia	17	-
Purchase of property, plant and equipment	(2,456)	-
Proceeds from disposal of property, plant and equipment	270	-
<b>Net cash used in investing activities</b>	<u>(1,858)</u>	<u>-</u>
<b>Financing Activities</b>		
Repayment of finance lease payables	(302)	-
<b>Net cash used in financing activities</b>	<u>(302)</u>	<u>-</u>
Effect of exchange rate changes	520	-
Net changes	1,582	-
Cash and cash equivalents at beginning of the year	20,272	-
<b>Cash and cash equivalents at end of the year</b>	<u>22,374</u>	<u>-</u>
<b>Cash and cash equivalents comprise of:</b>		
- Cash and bank balances	14,422	-
- Fixed deposits with licensed banks **	7,952	-
	<u>22,374</u>	<u>-</u>

\*\* Fixed deposits RM580 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 12 months financial period end to 31 March 2019.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR  
 ENDED 31 MAR 2019**

	Attributable to the owners of the Company		
	Share capital RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000
Balance as at 1 April 2018	27,072	4,956	34,861
Loss for the financial year	-	-	(5,418)
Other comprehensive income for the financial period, net of tax:			
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	2,359	-
Total comprehensive income for the financial year	-	2,359	(5,418)
Balance as at 31 Mar 2019 (Unaudited)	27,072	7,315	29,443
			66,889
			(5,418)
			2,359
			(3,059)
			63,830

(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 CHANGES IN EQUITY FOR THE YEAR ENDED  
 31 MAR 2019 (continued)**

	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 MAR 2019**

**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 accounting policies set out have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

Arising from the adoption of new accounting standards, there are changes to the accounting policies of:

- (i) Financial Instruments
- (ii) Revenue Recognition
- (iii) Impairment Losses of Financial Instruments

as compared to those adopted in previous financial statement.

**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. Related Parties Transaction**

Transactions with related parties of the Group

**12 months ended  
31 Mar 2019  
RM'000**

Companies in which certain shareholders have interests

Sales 4,145

**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)
	31.03.2019	31.03.2018		31.03.2019	31.03.2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	17,808	21,000	(3,192)	88,480	-	N/A
<b>Operating Profit</b>	2,160	1,943	217	9,606	-	N/A
<b>Loss Before Interest and Tax</b>	(3,516)	(458)	(3,058)	(5,292)	-	N/A
<b>Loss Before Tax</b>	(3,609)	(458)	(3,151)	(5,385)	-	N/A
<b>Loss After Tax</b>	(3,619)	(455)	(3,164)	(5,418)	-	N/A
<b>Loss Attributable to Ordinary Equity Holder of the Company</b>	(3,619)	(455)	(3,164)	(5,418)	-	N/A

#### Review of Group's Results for the current quarter and Year-to-date ended 31 Mar 2019

The Group recorded a revenue of RM17.808 million for the quarter ended 31 Mar 2019. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM3.609 million and RM3.619 million for the period respectively.

The Group recorded revenue of RM88.480 million for the year to date 31 Mar 2019. The Group recorded loss before tax ("LBT") of RM5.385 million and loss after tax ("LAT") of RM5.418 million respectively for the year to date 31 Mar 2019.

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

	<b>Current Period Quarter 31.03.2019 RM'000</b>	<b>Immediate Preceding Quarter 31.12.2018 RM'000</b>	<b>Changes (Amount) RM'000</b>
<b>Revenue</b>	17,808	20,042	(2,234)
<b>Operating Profit</b>	2,160	1,381	779
<b>Loss Before Interest and Tax</b>	(3,516)	(1,799)	(1,717)
<b>Loss Before Tax</b>	(3,609)	(1,816)	(1,793)
<b>Loss After tax</b>	(3,619)	(1,839)	(1,780)
<b>Loss Attributable to the Owners of the Company</b>	(3,619)	(1,839)	(1,780)

The Group recorded a lower revenue of RM17.808 million, decrease of RM2.234 million or approximately 11.15% as compared to the immediate preceding quarter ended 31 Dec 2018 because of decrease order from customers and shorter working day in conjunction with public holiday in China. The Group recorded LBT of RM3.609 million as compared to LBT of RM1.816 million in the immediate preceding quarter ended 31 Dec 2018. The increased loss is mainly due to about 9% slowdown of sales in the year end in China.

## 3. Current year prospects

Year 2019 global market growth is weak and demand is slowing down 25% to 30%. This will impact to our revenue and profit for the year 2019. The continuing trade war between US and China will have an impact.

## 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 Year 31.03.2019 RM'000</b>	<b>Loss before tax Current year 31.03.2019 RM'000</b>
Malaysia	19,091	(541)
Singapore	33	(271)
People's Republic of China	69,578	(1,755)
	<u>88,702</u>	<u>(2,567)</u>
Inter-segment elimination	<u>(222)</u>	<u>(5,755)</u>
	<u>88,480</u>	
Segment result		(8,322)
Other income		2,937
		<u>(5,385)</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	
	31.03.2019 RM'000	31.03.2018 RM'000	31.03.2019 RM'000	31.03.2018 RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>(10)</u>	<u>3</u>	<u>(33)</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”).

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.

## 7. Status of corporate proposal announced (continued)

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.

On 19 Apr 2019, Mercury announced on behalf of the BOD that the Company has decided not to proceed with the Proposals.

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 Mar 2019				
	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	6,496	6,878	2,431	2,003	17,808

## 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	1,746
<u>Short Term Borrowings</u>	
Hire Purchase Payable	451
Total	<u><u>2,197</u></u>

## 10. Earnings Per Share

	Current Year Quarter 31.03.2019	Preceding Year Corresponding Quarter 31.03.2018	Current Year To Date 31.03.2019	Preceding Year To Date 31.03.2018
<b>(a) Basic Earnings Per share</b>				
Loss after tax (RM'000)	(3,619)	(455)	(5,418)	-
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	-
Basic Earnings per share (sen)	(2.75)	(0.35)	(4.12)	-

### (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 Year Quarter 31.03.2019 RM'000</b>	<b>Current Year To Date 31.03.2019 RM'000</b>
Depreciation of equipment	579	2,231
Interest income	(34)	(311)
Gain on disposal of property, plant and equipment	2	(19)
Impairment loss on quoted share	168	730
Foreign exchange (gain)/loss		
-Unrealised	(571)	785
Allowance for doubtful debt	3,743	3,822
Loss on property, plant and equipment written off	69	69
Allowance for slow moving inventories	122	122
Reversal of impairment on property, plant and equipment	(55)	(55)
Gross dividends from quoted shares in Malaysia	0	(17)