

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Financial Report (Announcement)

31 December 2019

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2019

	(Unaudited)	(Audited)
	As at 31 Dec 2019	As at 31 Mar 2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,659	32,842
Investment in quoted shares	400	927
Right-of-use assets	5,161	-
Deferred tax asset	1,900	1,900
Total non-current assets	<u>39,120</u>	<u>35,669</u>
Current assets		
Inventories	8,978	9,726
Trade receivables	17,794	17,809
Other receivables	4,531	2,096
Tax recoverable	-	257
Cash and cash equivalents	14,901	22,374
Total current assets	<u>46,204</u>	<u>52,262</u>
TOTAL ASSETS	<u>85,324</u>	<u>87,931</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	27,072	27,072
Warrant Reserves	9,205	-
Reserves	21,716	36,761
Total equity	<u>57,993</u>	<u>63,833</u>
LIABILITIES		
Non-Current liability		
Finance Lease	5,530	1,746
Total non-current liability	<u>5,530</u>	<u>1,746</u>
Current liabilities		
Trade payables	18,144	19,517
Other payables	1,994	2,367
Finance Lease	1,663	451
Tax payable	-	17
Total current liabilities	<u>21,801</u>	<u>22,352</u>
TOTAL LIABILITIES	<u>27,331</u>	<u>24,098</u>
TOTAL EQUITY AND LIABILITIES	<u>85,324</u>	<u>87,931</u>
Net assets per share (RM)	0.44	0.49

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DEC 2019

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Dec 2019 RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000	Current Year to date 31 Dec 2019 RM'000	Preceding Year Corresponding Period 31 Dec 2018 RM'000
Revenue	17,147	20,042	51,782	70,672
Cost of sales	(15,857)	(18,661)	(49,499)	(63,226)
Gross profit	1,290	1,381	2,283	7,446
Other income	1,361	582	2,147	2,406
Distribution expenses	(443)	(857)	(1,918)	(2,469)
Administration expenses	(2,881)	(2,922)	(7,958)	(9,159)
Loss before tax	(673)	(1,816)	(5,446)	(1,776)
Tax expenses	(13)	(23)	(44)	(23)
Loss for the financial period	(686)	(1,839)	(5,490)	(1,799)
Other comprehensive (expenses)/income, net of tax				
- Foreign currencies translation	(427)	123	(350)	2,609
Total comprehensive (expenses)/income for the financial period	(1,113)	(1,716)	(5,840)	810
Earnings per share (sen)				
- Basic	(0.52)	(1.40)	(4.18)	(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 2019 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 31 DEC 2019

(The figures below are unaudited)

	Current Year to 31 Dec 2019 RM'000	Preceding Year Corresponding Period to 31 Dec 2018 RM'000
Operating Activities		
Loss before tax	(5,446)	(1,776)
Adjustments for:		
Allowance for doubtful debts	-	79
Depreciation of property, plant and equipment	1,821	1,652
Amorisation Expenses	992	-
(Reversal)/Allowance of impairment on quoted shares	(1,662)	562
Loss on disposal of quoted shares	1,469	-
Gross dividends from quoted shares in Malaysia	(17)	(17)
Interest income	(59)	(277)
Interest expenses	464	-
Unrealised loss on foreign exchange	691	1,356
Loss/(Gain) on disposal of property, plant and equipment	6	(17)
Operating (loss)/profit before working capital changes	(1,741)	1,562
Changes in working capital:		
Inventories	747	2,169
Receivables	(2,113)	7,550
Payables	(2,743)	(11,077)
Cash (used in)/from operations	(5,850)	204
Interest income	-	(4)
Income tax paid	196	(101)
Net cash (used in)/from operating activities	(5,654)	99
Investing Activities		
Interest received	59	277
Interest expenses	(463)	-
Gross dividends from quoted shares in Malaysia	17	17
Proceeds from disposal of quoted shares	720	-
Purchase of property, plant and equipment	(864)	(1,999)
Proceeds from disposal of property, plant and equipment	220	140
Net cash used in investing activities	(311)	(1,565)
Financing Activities		
Repayment of operating lease commitment	(758)	-
Repayment of finance lease payables	(400)	253
Net cash (used in)/from financing activities	(1,158)	253
Cash and cash equivalents at beginning of the period	22,374	20,272
Net changes	(7,123)	(1,213)
Effect of exchange rate changes	(350)	2,609
Cash and cash equivalents at end of the period	14,901	21,668
Cash and cash equivalents comprise of:		
- Cash and bank balances	5,646	13,720
- Fixed deposits with licensed banks **	9,255	7,948
	14,901	21,668

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 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 2019**

	←————— Attributable to the owners of the Company —————→				—————→
	←————— Non-distributable —————→				
	Share capital RM'000	Warrants Reserves RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 April 2019	27,072	-	7,318	29,443	63,833
Loss for the financial period	-	-	-	(5,490)	(5,490)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(350)	-	(350)
	-	-	(350)	(5,490)	(5,840)
Bonus issue of warrants		9,205		(9,205)	-
Balance as at 31 Dec 2019 (Unaudited)	27,072	9,205	6,968	14,748	57,993

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 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 2019 (continued)**

	← 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
Loss for the financial period	-	-	(5,418)	(5,418)
Other comprehensive income for the financial period, net of tax: - Exchange differences on translation of the financial statements of foreign subsidiaries	-	2,362	-	2,362
Total comprehensive income/(expense) for the financial period	-	2,362	(5,418)	(3,056)
Balance as at 31 March 2019 (Audited)	27,072	7,318	29,443	63,833

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and accompanying explanatory notes attached to the interim financial statements.)

PNE PCB BERHAD
(Company No. 168098-V)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT –31 DEC 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 2019.

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) MFRS 16- Leases

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

**9 months ended
31 Dec 2019
RM'000**

Companies in which certain shareholders have interests

Sales 2,228

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)
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	17,147	20,042	(2,895)	51,782	70,672	(18,890)
Operating Profit	1,290	1,381	(91)	2,283	7,446	(5,163)
(Loss)/Profit Before Interest and Tax	(507)	(1,799)	1,292	(5,280)	(1,759)	(3,521)
(Loss)/Profit Before Tax	(673)	(1,816)	1,143	(5,446)	(1,776)	(3,670)
(Loss)/Profit After Tax	(686)	(1,839)	1,153	(5,490)	(1,799)	(3,691)
(Loss)/Profit Attributable to Ordinary Equity Holder of the Company	(686)	(1,839)	1,153	(5,490)	(1,799)	(3,691)

Review of Group's Results for the current quarter and Period-to-date ended 31 Dec 2019

The Group recorded a revenue of RM17.147 million for the quarter ended 31 Dec 2019. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM0.673 million and RM0.686 million for the period respectively.

The Group's revenue of RM51.782 million for the period to date 31 Dec 2019 represents a decrease of approximately 26.73% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM5.446 million and RM5.490 million respectively for the period to date 31 Dec 2019 as compared to loss before tax ("LBT") and loss after tax ("LAT") of RM1.776 million and RM1.799 respectively for the preceding year to date 31 Dec 2018.

The reason of the Group's lower revenue for the current period to date was mainly attributable to decrease of order from customer. The most impact is China plant.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.12.2019 RM'000	Immediate Preceding Quarter 30.09.2019 RM'000	Changes (Amount) RM'000
Revenue	17,147	16,554	593
Operating Profit	1,290	532	758
Loss Before Interest and Tax	(507)	(1,775)	1,268
Loss Before Tax	(673)	(2,093)	1,420
Loss After tax	(686)	(2,107)	1,421
Loss Attributable to the Owners of the Company	(686)	(2,107)	1,421

The Group recorded a higher revenue of RM17.147 million, increase of RM0.593 million or approximately 3.58% as compared to the immediate preceding quarter ended 30 Sep 2019. The Group recorded LBT of RM0.673 million as compared to LBT of RM2.093 million in the immediate preceding quarter ended 30 Sep 2019. A lower loss in current quarter was mainly due to lower operating cost such as reduction on purchase of material, labour cost and higher interest income.

3. Current year prospects

The Group is also expecting continuous improvement on our result for 4th Quarter before the CoronaVirus Outbreaks in China. At the moment we are unsure of the Negative Impact the Outbreaks Situation in China that will affect our 4th Quarter Performance. Nevertheless, the Group is still Positive with the General Performance for Financial Year 2021 (April 20 – March 21) as we are expecting to secure new Projects and Customers.

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 Year 31.12.2019 RM'000	Loss before tax Current Year 31.12.2019 RM'000
Malaysia	10,920	(2,170)
Singapore	11	(49)
People's Republic of China	41,042	(3,271)
	<hr/>	<hr/>
	51,973	(5,490)
Inter-segment elimination	(191)	(2,103)
	<hr/>	<hr/>
	51,782	
Segment result		(7,593)
Other income		2,147
		<hr/>
		(5,446)
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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	
	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>(13)</u>	<u>0</u>	<u>(44)</u>	<u>0</u>

7. Status of corporate proposal announced

On 29 May 2019, Mercury Securities Sdn Bhd (“Mercury Securities”) announced on behalf of the Board of Directors (“BOD”) that PNE proposes to undertake the proposed bonus issue up to 75,610,775 new warrants (“Warrants”) on the basis of 1 Warrant for every 2 existing ordinary shares in PNE (“PNE Shares” or “Shares”) held by entitled registered holders of the Shares (“Shareholders”) (Entitled Shareholders”) on an entitlement date to be determined and announced later by the BOD (“Entitlement Date”) (“Proposed Bonus Issue of Warrants”).

On 24 June 2019, Mercury Securities announced on behalf of the BOD that Bursa Securities had, vide its letter date 24 June 2019, approved the following:-

- (i) admission to the Official List and the listing of up to 75,610,775 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (ii) listing of up to 75,610,775 new PNE Shares to be issued pursuant to the exercise of the Warrants.

The approval by Bursa Securities for the above is subject to, amongst others, the following conditions:-

- (i) PNE and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;
- (ii) PNE and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
- (iii) PNE to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue of Warrants is completed; and
- (iv) PNE to furnish Bursa Securities on a quarterly basis a summary or the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detail computation of listing fees payable.

On 5 August 2019, PNE announced that the resolution in relation to the Proposed Bonus Issue of Warrants as prescribed in the Notice of Extraordinary General Meeting (“EGM”) of the Company were duly passed by the shareholders of the Company by way of poll at the EGM of the Company held on 5 August 2019.

Subsequently, Mercury Securities had on 23 December 2019 announced on behalf of the BOD that the Proposed Bonus Issue of Warrants has been completed following the listing and quotation of 65,748,500 Warrants on the Main Market of Bursa Securities.

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 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	6,222	8,467	1,591	1,514	17,794

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	5,530
<u>Short Term Borrowings</u>	
Hire Purchase Payable	1,663
Total	<u>7,193</u>

10. Earnings Per Share

	Current Year Quarter 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018	Current Year To Date 31.12.2019	Preceding Year To Date 31.12.2018
(a) Basic Earnings Per share				
(Loss)/Profit after tax (RM'000)	(686)	(1,839)	(5,490)	(1,799)
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	131,497
Basic Earnings per share (sen)	(0.52)	(1.40)	(4.18)	(1.37)

(b) Diluted Earnings Per Share

Not applicable.

11. Notes to the condensed consolidated statement of comprehensive income

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

	Current Year Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
Depreciation of equipment	586	1,821
Interest income	(11)	(59)
Reversal of Impairment quoted share	(1,330)	(1,662)
Foreign exchange gain		
-Unrealised	(147)	691
Amortisation expenses	326	992
Interest expenses	146	464
Gross dividends from quoted shares in Malaysia	(1)	(17)
Loss on disposal of property, plant and equipment	0	6
Loss on disposal of quoted shares	1,469	1,469