

# **PNE PCB Berhad**

(Company No. 168098-V)

(Incorporated in Malaysia)

## **Financial Report (Announcement)**

**31 March 2020**

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAR 2020**

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	(Unaudited)	(Audited)
	As at 31 Mar 2020	As at 31 Mar 2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,278	32,842
Investment in quoted shares	374	927
Investment in warrant	14	-
Intangible asset	137	-
Total non-current assets	<u>36,803</u>	<u>33,769</u>
<b>Current assets</b>		
Inventories	10,742	9,726
Trade receivables	15,803	17,809
Other receivables	5,388	2,096
Tax recoverable	463	257
Cash and cash equivalents	14,989	22,374
Total current assets	<u>47,385</u>	<u>52,262</u>
<b>TOTAL ASSETS</b>	<u><b>84,188</b></u>	<u><b>86,031</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	27,072	27,072
Warrant Reserves	9,205	-
Reserves	20,885	36,761
<b>Total equity</b>	<u><b>57,162</b></u>	<u><b>63,833</b></u>
<b>LIABILITIES</b>		
<b>Non-Current liability</b>		
Finance Lease	5,248	1,746
Total non-current liability	<u>5,248</u>	<u>1,746</u>
<b>Current liabilities</b>		
Trade payables	17,498	19,517
Other payables	2,245	2,367
Finance Lease	2,034	451
Tax payable	1	17
Total current liabilities	<u>21,778</u>	<u>22,352</u>
<b>TOTAL LIABILITIES</b>	<u><b>27,026</b></u>	<u><b>24,098</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>84,188</b></u>	<u><b>87,931</b></u>
<b>Net assets per share (RM)</b>	0.43	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.)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MAR 2020**

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	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Mar 2020 RM'000	Preceding Year Corresponding Quarter 31 Mar 2019 RM'000	Current Year to date 31 Mar 2020 RM'000	Preceding Year Corresponding Period 31 Mar 2019 RM'000
Revenue	13,335	17,808	65,117	88,480
Cost of sales	(11,491)	(15,648)	(60,990)	(78,874)
<b>Gross profit</b>	<b>1,844</b>	<b>2,160</b>	<b>4,127</b>	<b>9,606</b>
Other income	1,026	531	3,173	2,937
Distribution expenses	377	(265)	(1,541)	(2,734)
Administration expenses	(3,997)	(6,035)	(11,956)	(15,194)
<b>Loss before tax</b>	<b>(750)</b>	<b>(3,609)</b>	<b>(6,197)</b>	<b>(5,385)</b>
Tax expenses	(1,893)	(10)	(1,937)	(33)
<b>Loss for the financial year</b>	<b>(2,643)</b>	<b>(3,619)</b>	<b>(8,134)</b>	<b>(5,418)</b>
<b>Other comprehensive income/(expenses), net of tax</b>				
- Foreign currencies translation	1,813	(251)	1,463	2,358
<b>Total comprehensive income/(expenses) for the financial year</b>	<b>(830)</b>	<b>(3,870)</b>	<b>(6,671)</b>	<b>(3,060)</b>
<b>Earnings per share (sen)</b>				
- Basic	(2.01)	(2.75)	(6.19)	(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 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 YEAR ENDED 31 MAR 2020**

(The figures below are unaudited)

	<b>Current Year to 31 Mar 2020 RM'000</b>	<b>Preceding Year Corresponding Period to 31 Mar 2019 RM'000</b>
<b>Operating Activities</b>		
Loss before tax	(6,197)	(5,385)
<b>Adjustments for:</b>		
Allowance for doubtful debts	-	3,822
(Reversal)/Allowance for slow moving inventories	(381)	122
Depreciation of property, plant and equipment	2,409	2,231
Amorisation Expenses	1,318	-
Property, plant and equipment written off	-	69
Reversal of impairment on property, plant and equipment	-	(55)
Fair value loss on investment in quoted shares	29	-
(Reversal)/Allowance of impairment on quoted shares	(1,680)	730
Loss on disposal of quoted shares	1,470	-
Gross dividends from quoted shares in Malaysia	(17)	(17)
Interest income	(260)	(311)
Interest expenses	611	-
Unrealised loss on foreign exchange	838	785
Loss/(Gain) on disposal of property, plant and equipment	19	(19)
<b>Operating (loss)/profit before working capital changes</b>	<b>(1,841)</b>	<b>1,972</b>
Changes in working capital:		
Inventories	(634)	2,310
Receivables	(921)	11,948
Payables	(8,117)	(12,009)
<b>Cash (used in)/from operations</b>	<b>(11,513)</b>	<b>4,221</b>
Income tax paid	(258)	(479)
<b>Net cash (used in)/from operating activities</b>	<b>(11,771)</b>	<b>3,742</b>
<b>Investing Activities</b>		
Interest received	260	311
Interest expenses	(611)	-
Gross dividends from quoted shares in Malaysia	17	17
Proceeds from disposal of quoted shares	720	-
Purchase of property, plant and equipment	(1,351)	(2,456)
Proceeds from disposal of property, plant and equipment	258	270
Purchase of intangible assets	(137)	-
<b>Net cash (used in)/from investing activities</b>	<b>(844)</b>	<b>(1,858)</b>
<b>Financing Activities</b>		
Repayment of operating lease commitment	4,167	-
Repayment of finance lease payables	(400)	(302)
<b>Net cash from/(used in) financing activities</b>	<b>3,767</b>	<b>(302)</b>
Cash and cash equivalents at beginning of the year	22,374	20,272
Net changes	(8,848)	1,582
Effect of exchange rate changes	1,463	520
<b>Cash and cash equivalents at end of the year</b>	<b>14,989</b>	<b>22,374</b>
<b>Cash and cash equivalents comprise of:</b>		
- Cash and bank balances	5,734	14,422
- Fixed deposits with licensed banks	9,255	7,952
	<b>14,989</b>	<b>22,374</b>

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 YEAR ENDED 31 MAR 2020**

	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 year	-	-	-	(8,134)	(8,134)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	1,463	-	1,463
	-	-	1,463	(8,134)	(6,671)
Bonus issue of warrants	-	9,205	-	(9,205)	-
Balance as at 31 Mar 2020 (Unaudited)	27,072	9,205	8,781	12,104	57,162

(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 YEAR  
 ENDED 31 MAR 2020 (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 year	-	-	(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 year	-	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 MAR 2020**

**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, cancellation, repurchase, resale and repayments of debt and enquiry 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 financial year under review, the Company had on 19 October 2019 incorporated a wholly-owned subsidiary, PNE Capital Sdn. Bhd. (“PNE Capital”), under the Companies Act 2016 (“Incorporation”). The initial issued share capital of PNE Capital is RM1.00 comprising one (1) ordinary shares and had subsequently increased to RM1,000,001 comprising one million and one (1,000,001) ordinary shares. The principal activity of PNE Capital is assembly of manufactured electronic product.

**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 2020  
RM'000**

Companies in which certain shareholders have interests

Sales 2,728

**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)
	31.03.2020	31.03.2019		31.03.2020	31.03.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	13,335	17,808	(4,473)	65,117	88,480	(23,363)
<b>Operating Profit</b>	1,844	2,160	(316)	4,127	9,606	(5,479)
<b>Loss Before Interest and Tax</b>	(591)	(3,516)	2,925	(6,038)	(5,292)	(746)
<b>Loss Before Tax</b>	(750)	(3,609)	2,859	(6,197)	(5,385)	(812)
<b>Loss After Tax</b>	(2,643)	(3,619)	976	(8,134)	(5,418)	(2,716)
<b>Loss Attributable to Ordinary Equity Holder of the Company</b>	(2,643)	(3,619)	976	(8,134)	(5,418)	(2,716)

#### Review of Group's Results for the current quarter and Period-to-date ended 31 Mar 2020

The Group recorded a revenue of RM13.335 million for the quarter ended 31 Mar 2020. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM0.750 million and RM2.643 million for the period respectively.

The Group's revenue of RM65.117 million for the period to date 31 Mar 2020 represents a decrease of approximately 26.40% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM6.197 million and RM8.134 million respectively for the period to date 31 Mar 2020 as compared to loss before tax ("LBT") and loss after tax ("LAT") of RM5.385 million and RM5.418 million respectively for the preceding year to date 31 Mar 2019.

The Group suffered a lower revenue for the current period to date mainly due to the effect of COVID-19 that had put on hold the proceeding of usual business in China Plant (3-weeks in February 2020) and in Malaysia Plant (2-weeks in March 2020). Malaysia Plant also started to experience a reduction of orders in February after the start of COVID-19 outbreaks in China due to end customers not able to proceed with the original production planned quantities due to shortages of raw material from China sources. Few of the confirmed new projects are on-hold as customers are not able to make site visit to audit and qualify our production lines to start with deliveries. Besides, customers had also put on-hold some new projects due to the affected market demand forecast in the upcoming months after the COVID-19 situation which had already affected hundred of thousands of families worldwide.

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

	Current Period Quarter 31.03.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	Changes (Amount) RM'000
Revenue	13,335	17,147	(3,812)
Operating Profit	1,844	1,290	554
Loss Before Interest and Tax	(591)	(507)	(84)
Loss Before Tax	(750)	(673)	(77)
Loss After tax	(2,643)	(686)	(1,957)
Loss Attributable to the Owners of the Company	(2,643)	(686)	(1,957)

The Group recorded a lower revenue of RM13.335 million, decrease of RM3.812 million or approximately 22.23% as compared to the immediate preceding quarter ended 31 Dec 2019. The Group recorded LBT of RM0.750 million as compared to LBT of RM0.673 million in the immediate preceding quarter ended 31 Dec 2019. The increased loss is mainly due to about 22% slowdown of sales in China and Malaysia due to Covid-19 lockdown.

## 3. Current year prospects

Despite the uncertainties, severity and the negative impact of the COVID-19 situation. The Group still believes the capability to withstand the upcoming challenges in the months ahead. The Group will also seek for new business opportunities brought to the market due to the virus outbreak. While the COVID-19 recoveries had gradually been carried out in major cities and countries. The Group is confident that the customers will be starting to resume all new projects which had been put on hold in the last few months which will boost the revenue of the Group in the next months.

## 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 31.03.2020 RM'000	Loss before tax Current Year 31.03.2020 RM'000
Malaysia	13,336	(2,165)
Singapore	11	(403)
People's Republic of China	52,016	(3,643)
	65,363	(6,211)
Inter-segment elimination	(246)	(3,159)
	65,117	
Segment result		(9,370)
Other income		3,173
		(6,197)

## 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	
	31.03.2020	31.03.2020	31.03.2020	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>(1,893)</u>	<u>0</u>	<u>(1,937)</u>	<u>0</u>

## 7. Trade Receivable

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

	As at current quarter ended 31 Mar 2020				
	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	6,850	5,404	1,988	1,561	15,803
Trade receivables					

## 8. 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	5,248
<u>Short Term Borrowings</u>	
Hire Purchase Payable	2,034
Total	<u>7,282</u>

## 9. Earnings Per Share

	<b>Current Year Quarter 31.03.2020</b>	<b>Preceding Year Corresponding Quarter 31.03.2019</b>	<b>Current Year To Date 31.03.2020</b>	<b>Preceding Year To Date 31.03.2019</b>
<b>(a) Basic Earnings Per share</b>				
(Loss)/Profit after tax (RM'000)	(2,643)	(3,619)	(8,134)	(5,418)
Weighted average number of ordinary shares in issue ('000)	131,497	131,497	131,497	131,497
Basic Earnings per share (sen)	(2.01)	(2.75)	(6.19)	(4.12)

## (b) Diluted Earnings Per Share

Not applicable.

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

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

	<b>Current Year Quarter 31.03.2020 RM'000</b>	<b>Current Year To Date 31.03.2020 RM'000</b>
Depreciation of equipment	588	2,409
Interest income	(201)	(260)
Reversal of Impairment quoted share	(18)	(1,680)
Foreign exchange loss		
-Unrealised	147	838
Amortisation expenses	326	1,318
Interest expenses	147	611
Gross dividends from quoted shares in Malaysia	0	(17)
Loss on disposal of property, plant and equipment	13	19
Loss on disposal of quoted shares	1	1,470
Reversal for slow moving stock	(381)	(381)
Fair value loss on investment in quoted share	29	29