

PNE PCB Berhad

Registration No.: 198801000741 (168098-V)
(Incorporated in Malaysia)

Financial Report (Announcement) 30 June 2020

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Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUN 2020

	(Unaudited)	(Audited)
	As at 30 Jun 2020	As at 31 Mar 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,160	36,278
Investment in quoted shares	346	374
Investment in warrant	14	14
Intangible Asset	134	137
Total non-current assets	<u>35,654</u>	<u>36,803</u>
Current assets		
Inventories	10,058	10,742
Trade receivables	14,856	15,803
Other receivables	4,875	5,388
Tax recoverable	-	463
Cash and cash equivalents	12,961	14,989
Total current assets	<u>42,750</u>	<u>47,385</u>
TOTAL ASSETS	<u>78,404</u>	<u>84,188</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	28,361	27,072
Warrant Reserves	8,730	9,205
Reserves	18,400	20,885
Total equity	<u>55,491</u>	<u>57,162</u>
LIABILITIES		
Non-Current liability		
Finance Lease	4,975	5,248
Total non-current liability	<u>4,975</u>	<u>5,248</u>
Current liabilities		
Trade payables	14,639	17,498
Other payables	1,619	2,245
Finance Lease	1,680	2,034
Tax payable	-	1
Total current liabilities	<u>17,938</u>	<u>21,778</u>
TOTAL LIABILITIES	<u>22,913</u>	<u>27,026</u>
TOTAL EQUITY AND LIABILITIES	<u>78,404</u>	<u>84,188</u>
Net assets per share (RM)	0.41	0.43

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 JUN 2020

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 Jun 2020 RM'000	Preceding Year Corresponding Quarter 30 Jun 2019 RM'000	Current Year to date 30 Jun 2020 RM'000	Preceding Year Corresponding Period 30 Jun 2019 RM'000
Revenue	16,070	18,081	16,070	18,081
Cost of sales	(15,303)	(17,620)	(15,303)	(17,620)
Gross profit	767	461	767	461
Other income	1,258	363	1,258	363
Distribution expenses	(491)	(641)	(491)	(641)
Administration expenses	(2,762)	(2,863)	(2,762)	(2,863)
Loss before tax	(1,228)	(2,680)	(1,228)	(2,680)
Tax expenses	-	(17)	-	(17)
Loss for the financial period	(1,228)	(2,697)	(1,228)	(2,697)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	(1,731)	(211)	(1,731)	(211)
Total comprehensive expenses for the financial period	(2,959)	(2,908)	(2,959)	(2,908)
Loss per share (sen)				
- Basic	(0.93)	(2.05)	(0.93)	(2.05)
- Diluted	(0.63)	-	(0.63)	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 JUN 2020**

(The figures below are unaudited)

	Current Year to 30 Jun 2020 RM'000	Preceding Year Corresponding Period to 30 Jun 2019 RM'000
Operating Activities		
Loss before tax	(1,228)	(2,680)
Adjustments for:		
Depreciation of property, plant and equipment	593	631
Amorisation Expenses	338	336
Reversal of impairment on quoted shares	(334)	(92)
Loss on disposal of quoted shares	254	-
Interest income	(9)	(29)
Interest expenses	156	164
Unrealised loss on foreign exchange	273	473
Operating profit/(loss) before working capital changes	43	(1,197)
Changes in working capital:		
Inventories	683	1,338
Receivables	2,145	(2,152)
Payables	(4,444)	(4,461)
Cash used in operations	(1,573)	(6,472)
Tax refund	461	223
Net cash used in operating activities	(1,112)	(6,249)
Investing Activities		
Interest received	9	29
Interest expenses	(156)	(164)
Proceeds from disposal of quoted shares	109	-
Purchase of property, plant and equipment	(377)	(559)
Net cash used in investing activities	(415)	(694)
Financing Activities		
Repayment of operating lease commitment	(489)	(123)
Repayment of finance lease payables	(137)	(122)
Issuance of share capital	1,288	-
Net cash generated from/(used in) financing activities	662	(245)
Cash and cash equivalents at beginning of the period	14,989	22,374
Net changes	(941)	(7,188)
Effect of exchange rate changes	(1,087)	(211)
Cash and cash equivalents at end of the period	12,961	14,975
Cash and cash equivalents comprise of:		
- Cash and bank balances	3,706	5,903
- Fixed deposits with licensed banks	9,255	9,072
	12,961	14,975

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 JUN 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 2020	27,072	9,205	8,781	12,104	57,162
Loss for the financial period	-	-	-	(1,228)	(1,228)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(1,731)	-	(1,731)
	-	-	(1,731)	(1,228)	(2,959)
Exercised of warrants	1,288	-	-	-	1,288
Warrants Reserves	-	(475)	-	475	-
Balance as at 30 Jun 2020 (Unaudited)	28,360	8,730	7,050	11,351	55,491

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 JUN 2020 (continued)**

	←————— 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	-	-	-	(8,134)	(8,134)
Other comprehensive income for the financial period, net of tax: - Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	1,463	-	1,463
Total comprehensive income/(expense) for the financial period	-	-	1,463	(8,134)	(6,671)
Issuance of bonus issue of warrant	-	9,205	-	(9,205)	-
Balance as at 31 March 2020 (Audited)	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 2020 and accompanying explanatory notes attached to the interim financial statements.)

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NOTES TO THE QUARTERLY REPORT –30 JUN 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 2020.

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.

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 current financial quarter under review except for (1) conversion of 16,250 warrants at RM0.38 dated 27 May 2020, (2) conversion of 1,520,000 warrants at RM0.38 dated 04 Jun 2020, (3) conversion of 1,781,150 warrants at RM0.38 dated 15 Jun 2020, and (4) conversion of 72,000 warrants at RM0.38 dated 24 Jun 2020.

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 significant 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. Auditor qualification

The audit report of the Group for the preceding annual financial statements was not subject to any audit qualification.

14. 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)
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,070	18,081	(2,011)	16,070	18,081	(2,011)
Operating Profit	767	461	306	767	461	306
Loss Before Interest and Tax	(1,072)	(2,496)	1,424	(1,072)	(2,496)	1,424
Loss Before Tax	(1,228)	(2,680)	1,452	(1,228)	(2,680)	1,452
Loss After Tax	(1,228)	(2,697)	1,469	(1,228)	(2,697)	1,469
Loss Attributable to Ordinary Equity Holder of the Company	(1,228)	(2,697)	1,469	(1,228)	(2,697)	1,469

Review of Group's Results for the current quarter and Period-to-date ended 30 Jun 2020

The Group recorded a total revenue of RM16.070 million for the quarter ended 30 Jun 2020. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM1.228 million for the period respectively.

The Group's revenue of RM16.070 million for the period to date 30 Jun 2020 represents a decrease of approximately 11.12% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM1.228 million for the period to date 30 Jun 2020 as compared to LBT and LAT of RM2.68 million and RM2.697 million for the preceding year to date 30 Jun 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 Malaysia Plant (4-weeks in April). Malaysia Plant also suffered a reduction of orders in May and June 2020 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 the customers are not able to make site visit to audit and qualify our production lines to start with deliveries. Besides, certain 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 million of families worldwide.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 30.06.2020 RM'000	Immediate Preceding Quarter 31.03.2020 RM'000	Changes (Amount) RM'000
Revenue	16,070	13,335	2,735
Operating Profit	767	1,844	(1,077)
Loss Before Interest and Tax	(1,072)	(591)	(481)
Loss Before Tax	(1,228)	(750)	(478)
Loss After tax	(1,228)	(2,643)	1,415
Loss Attributable to the Owners of the Company	(1,228)	(2,643)	1,415

The Group recorded a higher revenue of RM16.070 million, increase of RM2.735 million or approximately 20.51% as compared to the immediate preceding quarter ended 31 Mar 2020. The Group recorded LBT of RM1.228 million as compared to LBT of RM0.750 million in the immediate preceding quarter ended 31 Mar 2020. The increased loss is mainly due to higher cost of operation and slowdown of sales in Malaysia due to Covid-19 lockdown.

3. Current year prospects

The effect of COVID-19 had gradually faded out and with the gradually returning of Customers' Orders, The Group believes that we will have the capability to achieve continuous improvement, while the COVID-19 recoveries had gradually been carried out in major cities and countries. The Group is confident that our 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 quarters.

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 30.06.2020 RM'000	Loss before tax Current Year 30.06.2020 RM'000
Malaysia	1,870	(1,074)
Singapore	5	119
People's Republic of China	14,262	(442)
	<u>16,137</u>	<u>(1,397)</u>
Inter-segment elimination	<u>(67)</u>	<u>(1,089)</u>
	<u>16,070</u>	
Segment result		(2,486)
Other income		<u>1,258</u>
		<u>(1,228)</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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>0</u>	<u>(17)</u>	<u>0</u>	<u>(17)</u>

7. Trade Receivable

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

	As at current quarter ended 30 Jun 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					
Trade receivables	5,161	8,111	327	1,257	14,856

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	4,975
<u>Short Term Borrowings</u>	
Hire Purchase Payable	1,680
Total	<u>6,655</u>

9. Loss Per Share

(a) Basic Loss Per Ordinary Shares

Basic loss per share amounts were calculated by dividing loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Year Quarter 30.06.2020	Preceding Year Corresponding Quarter 30.06.2019	Current Year To Date 30.06.2020	Preceding Year To Date 30.06.2019
Loss after tax (RM'000)	(1,228)	(2,697)	(1,228)	(2,697)
Weighted average number of ordinary shares in issue ('000)	132,633	131,497	132,633	131,497
Basic Loss per share (sen)	<u>(0.93)</u>	<u>(2.05)</u>	<u>(0.93)</u>	<u>(2.05)</u>

(b) Diluted Loss Per Ordinary Shares

The diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants during the financial period ended 30 Jun 2020.

	Current Year Quarter 30.06.2020	Preceding Year Corresponding Quarter 30.06.2019	Current Year To Date 30.06.2020	Preceding Year To Date 30.06.2019
Loss after tax (RM'000)	<u>(1,228)</u>	<u>(2,697)</u>	<u>(1,228)</u>	<u>(2,697)</u>
Weighted average number of ordinary shares in issue ('000)	132,633	131,497	132,633	131,497
Effect of dilution after conversion of all outstanding Warrants ('000)	<u>62,359</u>	<u>-</u>	<u>62,359</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted loss per share	<u>194,992</u>	<u>-</u>	<u>194,992</u>	<u>-</u>
Diluted Loss per share (sen)	<u>(0.63)</u>	<u>-</u>	<u>(0.63)</u>	<u>-</u>

10. Notes to the condensed consolidated statement of comprehensive income

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

	Current Year Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2020 RM'000
Depreciation of equipment	593	593
Interest income	(9)	(9)
Reversal of Impairment quoted share	(334)	(334)
Foreign exchange loss		
-Unrealised	273	273
Amortisation expenses	338	338
Interest expenses	156	156
Loss on disposal of quoted shares	254	254