

# **PNE PCB Berhad**

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

## **Financial Report (Announcement) 30 September 2020**

**PNE PCB Berhad**

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(Incorporated In Malaysia)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEP 2020**

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	(Unaudited)	(Audited)
	As at 30 Sep 2020	As at 31 Mar 2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	35,689	36,278
Investment in quoted shares	-	374
Investment in warrant	14	14
Intangible Asset	131	137
Total non-current assets	<u>35,834</u>	<u>36,803</u>
<b>Current assets</b>		
Inventories	9,557	10,742
Trade receivables	19,875	15,803
Other receivables	9,432	5,388
Tax recoverable	-	463
Cash and cash equivalents	27,515	14,989
Total current assets	<u>66,379</u>	<u>47,385</u>
<b>TOTAL ASSETS</b>	<u>102,213</u>	<u>84,188</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	43,272	27,072
Warrant Reserves	3,237	9,205
Reserves	23,808	20,885
<b>Total equity</b>	<u>70,317</u>	<u>57,162</u>
<b>LIABILITIES</b>		
<b>Non-Current liability</b>		
Finance Lease	5,079	5,248
Borrowings	6,693	-
Total non-current liability	<u>11,772</u>	<u>5,248</u>
<b>Current liabilities</b>		
Trade payables	15,641	17,498
Other payables	2,210	2,245
Finance Lease	1,686	2,034
Tax payable	-	1
Borrowings	587	-
Total current liabilities	<u>20,124</u>	<u>21,778</u>
<b>TOTAL LIABILITIES</b>	<u>31,896</u>	<u>27,026</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>102,213</u>	<u>84,188</u>
<b>Net assets per share (RM)</b>	0.40	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 SEP 2020**

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	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter 30 Sep 2019 RM'000	Current Year to date 30 Sep 2020 RM'000	Preceding Year Corresponding Period 30 Sep 2019 RM'000
Revenue	20,598	16,554	36,668	34,635
Cost of sales	(19,138)	(16,022)	(34,441)	(33,642)
<b>Gross profit</b>	<b>1,460</b>	<b>532</b>	<b>2,227</b>	<b>993</b>
Other income	1,172	423	2,430	786
Distribution expenses	(599)	(834)	(1,090)	(1,475)
Administration expenses	(2,027)	(2,214)	(4,789)	(5,077)
<b>Profit/(Loss) before tax</b>	<b>6</b>	<b>(2,093)</b>	<b>(1,222)</b>	<b>(4,773)</b>
Tax expenses	-	(14)	-	(31)
<b>Profit/(Loss) for the financial period</b>	<b>6</b>	<b>(2,107)</b>	<b>(1,222)</b>	<b>(4,804)</b>
<b>Other comprehensive expenses, net of tax</b>				
- Foreign currencies translation	(92)	288	(1,823)	77
<b>Total comprehensive expenses for the financial period</b>	<b>(86)</b>	<b>(1,819)</b>	<b>(3,045)</b>	<b>(4,727)</b>
<b>Profit/ (Loss) per share (sen)</b>				
- Basic	0.004	(1.60)	(0.82)	(3.65)
- Diluted	0.003	-	(0.71)	-

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 SEP 2020**

(The figures below are unaudited)

	<b>Current Year to 30 Sep 2020 RM'000</b>	<b>Preceding Year Corresponding Period to 30 Sep 2019 RM'000</b>
<b>Operating Activities</b>		
Loss before tax	(1,222)	(4,773)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,195	1,235
Amorisation Expenses	672	666
Reversal of impairment on quoted shares	(346)	(332)
Loss on disposal of quoted shares	219	-
Gross dividends from quoted shares in Malaysia	-	(16)
Interest income	(24)	(48)
Interest expenses	306	318
Unrealised (gain)/loss on foreign exchange	(249)	838
Loss on disposal of property, plant and equipment	-	6
<b>Operating profit/(loss) before working capital changes</b>	<b>551</b>	<b>(2,106)</b>
Changes in working capital:		
Inventories	1,185	1,669
Receivables	(9,004)	270
Payables	(754)	(5,424)
<b>Cash used in operations</b>	<b>(8,022)</b>	<b>(5,591)</b>
Tax refund	461	210
<b>Net cash used in operating activities</b>	<b>(7,561)</b>	<b>(5,381)</b>
<b>Investing Activities</b>		
Interest received	24	48
Interest expenses	(306)	(318)
Gross dividends from quoted shares in Malaysia	-	16
Proceeds from disposal of quoted shares	500	(845)
Purchase of property, plant and equipment	(1,137)	220
<b>Net cash used in investing activities</b>	<b>(919)</b>	<b>(879)</b>
<b>Financing Activities</b>		
Proceeds from finance borrowing	7,280	-
Repayment of operating lease commitment	(511)	(278)
Repayment of finance lease payables	(296)	(492)
Issuance of share capital	16,200	-
<b>Net cash generated from/(used in) financing activities</b>	<b>22,673</b>	<b>(770)</b>
Cash and cash equivalents at beginning of the period	14,989	22,374
Net changes	14,194	(7,030)
Effect of exchange rate changes	(1,668)	77
<b>Cash and cash equivalents at end of the period</b>	<b>27,515</b>	<b>15,421</b>
<b>Cash and cash equivalents comprise of:</b>		
- Cash and bank balances	7,760	6,349
- Fixed deposits with licensed banks	19,755	9,072
	<b>27,515</b>	<b>15,421</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 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 SEP 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	-	-	-	(1,222)	(1,222)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(1,823)	-	(1,823)
	-	-	(1,823)	(1,222)	(3,045)
Exercised of warrants	16,200	-	-	-	16,200
Warrants Reserves	-	(5,968)	-	5,968	-
Balance as at 30 Sep 2020 (Unaudited)	43,272	3,237	6,958	16,850	70,317

(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 SEP 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 SEP 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 30,000 warrants at RM0.38 dated 10 Jul 2020, (2) conversion of 80,000 warrants at RM0.38 dated 22 Jul 2020, (3) conversion of 105,000 warrants at RM0.38 dated 04 Aug 2020, (4) conversion of 117,300 warrants at RM0.38 dated 18 Aug 2020, (5) conversion of 2,286,900 warrants at RM0.38 dated 1 Sep 2020, (6) conversion of 62,900 warrants at RM0.38 dated 10 Sep 2020, (7) conversion of 15,241,100 warrants at RM0.38 dated 17 Sep 2020, (8) conversion of 21,319,300 warrants at RM0.38 dated 21 Sep 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, the Company had on 17 Sep 2020 incorporated a wholly-owned subsidiary, Jaringan Menang Sdn Bhd (“Jaringan Menang”), under the Companies Act 2016 (“Incorporation”). The initial issued share capital of Jaringan Menang is RM1.00 comprising one (1) ordinary shares. Jaringan Menang has not commenced any business since the date of incorporation.

## **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)
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	20,598	16,554	4,044	36,668	34,635	2,033
<b>Operating Profit</b>	1,460	532	928	2,227	993	1,234
<b>Profit/Loss Before Interest and Tax</b>	312	(1,775)	2,087	(916)	(4,455)	3,539
<b>Profit/Loss Before Tax</b>	6	(2,093)	2,099	(1,222)	(4,773)	3,551
<b>Profit/Loss After Tax</b>	6	(2,107)	2,113	(1,222)	(4,804)	3,582
<b>Profit/Loss Attributable to Ordinary Equity Holder of the Company</b>	6	(2,107)	2,113	(1,222)	(4,804)	3,582

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

The Group recorded a total revenue of RM20.598 million for the quarter ended 30 Sep 2020. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM0.006 million and RM0.006 million for the period respectively.

The Group's revenue of RM36.668 million for the period to date 30 Sep 2020 represents an increase of approximately 5.87% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM1.222 million for the period to date 30 Sep 2020 as compared to LBT and LAT of RM4.773 million and RM4.804 million for the preceding year to date 30 Sep 2019.

The Group has achieved a slight improvement compared to last Quarter as well as in comparison with Preceding Year Corresponding Quarter due to the results gained from successful implementation of a few improvement activities, such as reduction of cost of manufacturing, improving production efficiencies and securing of a few new projects from the customers. The Management shall continue to monitor and improve the operations to maintain or to improve the performance.

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

	<b>Current Period Quarter 30.09.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2020 RM'000</b>	<b>Changes (Amount) RM'000</b>
<b>Revenue</b>	20,598	16,070	4,528
<b>Operating Profit</b>	1,460	767	693
<b>Profit/Loss Before Interest and Tax</b>	312	(1,072)	1,384
<b>Profit/Loss Before Tax</b>	6	(1,228)	1,234
<b>Profit/Loss After tax</b>	6	(1,228)	1,234
<b>Profit/Loss Attributable to the Owners of the Company</b>	6	(1,228)	1,234

The Group recorded an increase of approximately 28.18% in its revenue of RM20.598 million for the quarter ended 30 Sep 2020 against RM16.070 million for the immediate preceding quarter ended 30 Jun 2020. The Group recorded PBT and PAT of RM0.006 million and RM0.006 million respectively for the current quarter ended 30 Sep 2020, as compared to LBT and LAT of RM1.228 million and RM1.228 million respectively in the immediate preceding quarter ended 30 Jun 2020. The higher revenue mainly due to the successful kick-off of a few new projects that had been delayed previously due to COVID-19.

## 3. Current year prospects

The Group is confident to maintain or to increase the Revenue for the next 2 Quarters for this Financial Year. At the same time, the Management will also continue to monitor and effectively manage the Cost of Manufacturing by implementing more automation and effective training programmes for the employees. We are also confident to secure a few new important customers for long term prospects.

## 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 30.09.2020 RM'000</b>	<b>Loss before tax Current Year 30.09.2020 RM'000</b>
Malaysia	5,776	(2,005)
Singapore	12	264
People's Republic of China	31,034	514
	<u>36,822</u>	<u>(1,227)</u>
Inter-segment elimination	<u>(154)</u>	<u>(2,425)</u>
	<u>36,668</u>	
Segment result		(3,652)
Other income		<u>2,430</u>
		<u>(1,222)</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	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>0</u>	<u>(14)</u>	<u>0</u>	<u>(31)</u>

## 7. Status of corporate proposal announced

On 30 September 2020, Mercury Securities Sdn Bhd ("Mercury Securities") had, on behalf of the Board of Directors ("BOD"), announced that PNE proposes to undertake the following:

- (i) Share split involving the subdivision of every 1 existing ordinary share in the Company ("**PNE Share**" or "**Share**") held on an entitlement date to be determined and announced later ("**Books Closure Date**") into 2 Shares ("**Split Shares**") ("**Share Split**"); and
- (ii) Bonus issue of free warrants in the Company ("**Warrants B**") on the basis of 1 Warrant B for every 3 Split Shares held on an entitlement date to be determined and announced later ("**Entitlement Date**") ("**Bonus Issue of Warrants**").

The Share Split and the Bonus Issue of Warrants are collectively referred to as the "**Corporate Exercises**".

On 14 October 2020, Mercury Securities had, on behalf of the BOD, announced that Bursa Securities had, vide its letter dated 14 October 2020, approved the following:-

- (i) Share Split;
- (ii) listing and quotation of up to 23,116,600 additional Warrants A arising from the adjustment made pursuant to the Share Split;
- (iii) Listing and quotation of up to 23,116,600 new ordinary shares to be issued pursuant to the exercise of the additional Warrants A;
- (iv) admission to the official list of the Main Market of Bursa Securities and the initial listing and quotation of up to 148,909,890 Warrants B to be issued pursuant to the Bonus Issue of Warrants; and
- (v) listing and quotation of up to 148,909,890 new Shares to be issued pursuant to the exercise of Warrants B.

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

- (i) PNE and Mercury Securities must fully comply with the relevant provisions under the Main Market Listing Requirements at all times pertaining to the implementation of the Corporate Exercises;
- (ii) PNE and Mercury Securities to inform Bursa Securities upon completion of the Corporate Exercises;

- (iii) PNE to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercises are completed;
- (iv) PNE or Mercury Securities are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) and (b), 6.35(3), and 6.56(2)(ii) and (iii) of the Main Market Listing Requirements in relation to the Corporate Exercises;
- (v) PNE to furnish Bursa Securities with a certified true copy of the resolutions passed by shareholders at extraordinary general meeting for the Corporate Exercises prior to the listing and quotation of the subdivided shares and Warrants B; and
- (vi) payment of additional listing fees pertaining to the exercise of the Warrants B, if relevant. In this respect, PNE is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants B as at the end of each quarter together with a detailed computation of the listing fees payable.

On 10 November 2020, the shareholders of the Company approved the Corporate Exercises at an extraordinary general meeting by way of poll via remote participation. On the same day, the Board fixed the Books Closure Date for the Share Split on 24 November 2020.

On 13 November 2020, on behalf of the Board, Mercury Securities announced that the Company has resolved to fix the exercise price of the Warrants B at RM0.60 per Warrant B and the Entitlement Date for the Bonus Issue of Warrants was fixed on 27 November 2020.

Save as disclosed above, there are no other corporate proposals announced but 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 30 Sep 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	6,741	10,405	1,525	1,204	19,875

## 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	5,079
Finance Borrowing	6,693
<u>Short Term Borrowings</u>	
Hire Purchase Payable	1,686
Finance Borrowing	587
Total	<u>14,045</u>

## 10. Earnings Per Share

### (a) Basic Earnings Per Ordinary Shares

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

	<b>Current Year Quarter 30.09.2020</b>	<b>Preceding Year Corresponding Quarter 30.09.2019</b>	<b>Current Year To Date 30.09.2020</b>	<b>Preceding Year To Date 30.09.2019</b>
Profit/Loss after tax (RM'000)	6	(2,107)	(1,222)	(4,804)
Weighted average number of ordinary shares in issue ( '000)	148,921	131,497	148,921	131,497
Basic Profit/(Loss) per share (sen)	0.004	(1.60)	(0.82)	(3.65)

### (b) Diluted Earnings Per Ordinary Shares

The diluted earnings 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 Sep 2020.

	<b>Current Year Quarter 30.09.2020</b>	<b>Preceding Year Corresponding Quarter 30.09.2019</b>	<b>Current Year To Date 30.09.2020</b>	<b>Preceding Year To Date 30.09.2019</b>
Profit/Loss after tax (RM'000)	6	(2,107)	(1,222)	(4,804)
Weighted average number of ordinary shares in issue ( '000)	148,921	131,497	148,921	131,497
Effect of dilution after conversion of all outstanding Warrants ( '000)	23,117	-	23,117	-
Adjusted weighted average number of ordinary shares in issue ( '000) for the purpose of diluted earnings per share	172,038	-	172,038	-
Diluted Profit/(Loss) per share (sen)	0.003	-	(0.71)	-

## 11. 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 30.09.2020 RM'000</b>	<b>Current Year To Date 30.09.2020 RM'000</b>
Depreciation of equipment	602	1,195
Interest income	(15)	(24)
Reversal of Impairment quoted share	(12)	(346)
Foreign exchange gain		
-Unrealised	(522)	(249)
Amortisation expenses	334	672
Interest expenses	150	306
(Gain)/Loss on disposal of quoted shares	(35)	219