

PNE PCB Berhad

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

Financial Report (Announcement) 31 December 2020

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2020

	(Unaudited)	(Audited)
	As at 31 Dec 2020	As at 31 Mar 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,640	36,278
Investment in quoted shares	-	374
Investment in warrant	14	14
Intangible Asset	131	137
Total non-current assets	<u>35,785</u>	<u>36,803</u>
Current assets		
Inventories	16,591	10,742
Trade receivables	18,521	15,803
Other receivables	19,398	5,388
Tax recoverable	-	463
Cash and cash equivalents	13,820	14,989
Total current assets	<u>68,330</u>	<u>47,385</u>
TOTAL ASSETS	<u>104,115</u>	<u>84,188</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	44,403	27,072
Warrant Reserves	27,020	9,205
Reserves	(1,999)	20,885
Total equity	<u>69,424</u>	<u>57,162</u>
LIABILITIES		
Non-Current liability		
Finance Lease	4,614	5,248
Borrowings	7,413	-
Total non-current liability	<u>12,027</u>	<u>5,248</u>
Current liabilities		
Trade payables	18,651	17,498
Other payables	1,781	2,245
Finance Lease	1,645	2,034
Tax payable	-	1
Borrowings	587	-
Total current liabilities	<u>22,664</u>	<u>21,778</u>
TOTAL LIABILITIES	<u>34,691</u>	<u>27,026</u>
TOTAL EQUITY AND LIABILITIES	<u>104,115</u>	<u>84,188</u>
Net assets per share (RM)	0.20	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.)

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DEC 2020

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Dec 2020 RM'000	Preceding Year Corresponding Quarter 31 Dec 2019 RM'000	Current Year to date 31 Dec 2020 RM'000	Preceding Year Corresponding Period 31 Dec 2019 RM'000
Revenue	19,195	17,147	55,863	51,782
Cost of sales	(18,557)	(15,857)	(52,998)	(49,499)
Gross profit	638	1,290	2,865	2,283
Other income	1,333	1,361	3,763	2,147
Distribution expenses	(527)	(443)	(1,617)	(1,918)
Administration expenses	(2,445)	(2,881)	(7,234)	(7,958)
Loss before tax	(1,001)	(673)	(2,223)	(5,446)
Tax expenses	-	(13)	-	(44)
Loss for the financial period	(1,001)	(686)	(2,223)	(5,490)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	(1,023)	(427)	(2,846)	(350)
Total comprehensive expenses for the financial period	(2,024)	(1,113)	(5,069)	(5,840)
Loss per share (sen)				
- Basic	(0.34)	(0.52)	(1.16)	(4.18)
- Diluted	(0.30)	-	(0.96)	-

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.

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DEC 2020**

(The figures below are unaudited)

	Current Year to 31 Dec 2020 RM'000	Preceding Year Corresponding Period to 31 Dec 2019 RM'000
Operating Activities		
Loss before tax	(2,223)	(5,446)
Adjustments for:		
Depreciation of property, plant and equipment	1,805	1,821
Amorisation Expenses	1,011	992
Reversal of impairment on quoted shares	(346)	(1,662)
Loss on disposal of quoted shares	219	1,469
Gross dividends from quoted shares in Malaysia	-	(17)
Interest income	(49)	(59)
Interest expenses	513	464
Unrealised (gain)/loss on foreign exchange	(818)	691
Loss on disposal of property, plant and equipment	3	6
Operating profit/(loss) before working capital changes	<u>115</u>	<u>(1,741)</u>
Changes in working capital:		
Inventories	(5,850)	747
Receivables	(18,929)	(2,113)
Payables	3,709	(2,743)
Cash used in operations	<u>(20,955)</u>	<u>(5,850)</u>
Tax refund	461	196
Net cash used in operating activities	<u>(20,494)</u>	<u>(5,654)</u>
Investing Activities		
Interest received	49	59
Interest expenses	(513)	(463)
Gross dividends from quoted shares in Malaysia	-	17
Proceeds from disposal of quoted shares	500	720
Purchase of property, plant and equipment	(2,138)	(864)
Proceeds from disposal of property, plant and equipment	-	220
Net cash used in investing activities	<u>(2,102)</u>	<u>(311)</u>
Financing Activities		
Proceeds from finance borrowing	8,000	-
Repayment of operating lease commitment	(756)	(758)
Repayment of finance lease payables	(475)	(400)
Issuance of share capital	17,331	-
Net cash generated from/(used in) financing activities	<u>24,100</u>	<u>(1,158)</u>
Cash and cash equivalents at beginning of the period	14,989	22,374
Net changes	1,504	(7,123)
Effect of exchange rate changes	(2,673)	(350)
Cash and cash equivalents at end of the period	<u>13,820</u>	<u>14,901</u>
Cash and cash equivalents comprise of:		
- Cash and bank balances	8,371	5,646
- Fixed deposits with licensed banks	5,449	9,255
	<u>13,820</u>	<u>14,901</u>

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.

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 DEC 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	-	-	-	(2,223)	(2,223)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(2,846)	-	(2,846)
	-	-	(2,846)	(2,223)	(5,069)
Conversion of warrants	17,331	(6,385)	-	6,385	17,331
Issuance of Bonus Issue of Warrants	-	24,200	-	(24,200)	-
Balance as at 31 Dec 2020 (Unaudited)	44,403	27,020	5,935	(7,934)	69,424

(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.)

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 DEC 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.)

**(PNE PCB BERHAD
Registration No.: 198801000741 (168098-V)
(Incorporated in Malaysia)**

NOTES TO THE QUARTERLY REPORT –31 DEC 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 127,800 warrants at RM0.38 dated 5 Oct 2020, (2) conversion of 2,080,500 warrants at RM0.38 dated 15 Oct 2020, (3) conversion of 200,900 warrants at RM0.38 dated 22 Oct 2020, (4) conversion of 275,200 warrants at RM0.38 dated 4 Nov 2020, (5) conversion of 27,000 warrants at RM0.38 dated 5 Nov 2020, (6) conversion of 147,000 warrants at RM0.38 dated 16 Nov 2020, (7) conversion of 23,250 warrants at RM0.38 dated 18 Nov 2020, (8) conversion of 135,800 warrants at RM0.19 dated 25 Nov 2020, (9) conversion of 50,000 warrants at RM0.19 dated 28 Dec 2020.

For information, the exercise price of the Warrants A has been adjusted from RM0.38 to RM0.19 following the share split exercise undertaken by the Company.

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 previous 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 share. During the quarter, Jaringan Menang had on 6 November 2020 commenced business and 10 Dec 2020 had changed its name to PNE Glove Sdn Bhd.

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)
	31.12.2020	31.12.2019		31.12.2020	31.12.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	19,195	17,147	2,048	55,863	51,782	4,081
Operating Profit	638	1,290	(652)	2,865	2,283	582
Loss Before Interest and Tax	(794)	(507)	(287)	(1,710)	(5,280)	3,570
Loss Before Tax	(1,001)	(673)	(328)	(2,223)	(5,446)	3,223
Loss After Tax	(1,001)	(686)	(315)	(2,223)	(5,490)	3,267
Loss Attributable to Ordinary Equity Holder of the Company	(1,001)	(686)	(315)	(2,223)	(5,490)	3,267

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

The Group recorded a total revenue of RM19.195 million for the quarter ended 31 Dec 2020. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM1.001 million and RM1.001 million for the period respectively.

The Group's revenue of RM55.863 million for the period to date 31 Dec 2020 represents an increase of approximately 7.88% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM2.223 million for the period to date 31 Dec 2020 as compared to LBT and LAT of RM5.446 million and RM5.490 million for the preceding year to date 31 Dec 2019. This result represents a reduction of LBT and LAT for around 40.82%.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.12.2020 RM'000	Immediate Preceding Quarter 30.09.2020 RM'000	Changes (Amount) RM'000
Revenue	19,195	20,598	(1,403)
Operating Profit	638	1,460	(822)
Loss/Profit Before Interest and Tax	(794)	312	(1,106)
Loss/Profit Before Tax	(1,001)	6	(995)
Loss/Profit After tax	(1,001)	6	(995)
Loss/Profit Attributable to the Owners of the Company	(1,001)	6	(995)

The Group recorded a decrease of approximately 6.811% in its revenue of RM19.195 million for the quarter ended 31 Dec 2020 against RM20.598 million for the immediate preceding quarter ended 30 Sep 2020. The Group recorded LBT and LAT of RM1.001 million and RM1.001 million respectively for the current quarter ended 31 Dec 2020, as compared to PBT and PAT of RM0.006 million and RM0.006 million respectively in the immediate preceding quarter ended 30 Sep 2020. The increased loss is mainly due to the higher cost of raw material and slowdown of sales in Malaysia due to COVID-19 movement control order.

3. Current year prospects

The Group is expecting a lower or maintain the similar revenue in Q4 due to the long holiday in month of Feb for Chinese New Year holiday. 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.

	Revenue Current Year 31.12.2020 RM'000	Loss before tax Current Year 31.12.2020 RM'000
Malaysia	9,217	(2,868)
Singapore	12	446
People's Republic of China	46,788	258
	<u>50,017</u>	<u>(2,164)</u>
Inter-segment elimination	<u>(154)</u>	<u>(3,822)</u>
	<u>55,863</u>	
Segment result		(5,986)
Other income		<u>3,763</u>
		<u>(2,223)</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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>0</u>	<u>(13)</u>	<u>0</u>	<u>(44)</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 Shares**” or “**Shares**”) 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 (“**Bonus Issue of Warrants**”).

The Share Split and Bonus Issue of Warrants have been completed following the listing and quotation of:-

- (i) 354,021,100 Split Shares and 20,234,950 Additional Warrants A on the Main Market of Bursa Securities on 25 November 2020; and
- (ii) 118,051,442 Warrants B on the Main Market of Bursa Securities on 3 December 2020.

On 26 January 2021, Mercury Securities had, on behalf of the BOD, announced that PNE proposes to undertake a private placement of up to 71,156,000 new ordinary shares in the Company, representing approximately 20% of the existing total number of issued shares of the Company, to independent third-party investor(s) to be identified later and at an issue price to be determined later (“**Proposed Private Placement**”).

On 5 February 2021, Mercury Securities had, on behalf of the BOD, announced that Bursa Securities had, vide its letter dated 4 February 2021, approved the listing and quotation of up to 71,156,000 Placement Shares to be issued pursuant to the Private Placement. As at the date of this report, the Private Placement is pending implementation.

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 31 Dec 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	6,342	9,270	1,564	1,345	18,521

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	4,614
Finance Borrowing	7,413
<u>Short Term Borrowings</u>	
Hire Purchase Payable	1,645
Finance Borrowing	587
Total	<u>14,259</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.

	Current Year Quarter 31.12.2020	Preceding Year Corresponding Quarter 31.12.2019	Current Year To Date 31.12.2020	Preceding Year To Date 31.12.2019
Loss after tax (RM'000)	(1,001)	(686)	(2,223)	(5,490)
Weighted average number of ordinary shares in issue ('000)	295,008	131,497	192,300	131,497
Basic loss per share (sen)	<u>(0.34)</u>	<u>(0.52)</u>	<u>(1.16)</u>	<u>(4.18)</u>

(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 31 Dec 2020.

	Current Year Quarter 31.12.2020	Preceding Year Corresponding Quarter 31.12.2019	Current Year To Date 31.12.2020	Preceding Year To Date 31.12.2019
Loss after tax (RM'000)	(1,001)	(686)	(2,223)	(5,490)
Weighted average number of ordinary shares in issue ('000)	295,008	131,497	192,300	131,497
Effect of dilution after conversion of all outstanding Warrants ('000)	40,284	-	40,284	-
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	335,292	-	232,584	-
Diluted Loss per share (sen)	(0.30)	-	(0.96)	-

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 31.12.2020 RM'000	Current Year To Date 31.12.2020 RM'000
Depreciation of equipment	610	1,805
Interest income	(25)	(49)
Reversal of Impairment quoted share	0	(346)
Foreign exchange gain -Unrealised	(569)	(818)
Amortisation expenses	339	1,011
Loss on disposal of plant equipment	3	3
Interest expenses	207	513
Loss on disposal of quoted shares	0	219