

PNE PCB Berhad

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

Financial Report (Announcement) 31 March 2021

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	(Unaudited)	(Audited)
	As at 31 Mar 2021	As at 31 Mar 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,040	36,278
Investment in quoted shares	-	374
Investment in warrant	-	14
Intangible Asset	127	137
Total non-current assets	<u>39,167</u>	<u>36,803</u>
Current assets		
Inventories	14,232	10,742
Trade receivables	22,343	15,803
Other receivables	24,623	5,388
Tax recoverable	-	463
Current tax assets	99	-
Cash and cash equivalents	22,422	14,989
Total current assets	<u>83,719</u>	<u>47,385</u>
TOTAL ASSETS	<u>122,886</u>	<u>84,188</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	61,222	27,072
Warrant Reserves	26,612	9,205
Reserves	(2,008)	20,885
Total equity	<u>85,826</u>	<u>57,162</u>
LIABILITIES		
Non-Current liability		
Finance Lease	3,693	5,248
Borrowings	7,631	-
Total non-current liability	<u>11,324</u>	<u>5,248</u>
Current liabilities		
Trade payables	21,891	17,498
Other payables	909	2,245
Finance Lease	2,616	2,034
Tax payable	-	1
Borrowings	320	-
Total current liabilities	<u>25,736</u>	<u>21,778</u>
TOTAL LIABILITIES	<u>37,060</u>	<u>27,026</u>
TOTAL EQUITY AND LIABILITIES	<u>122,886</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.)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAR 2021

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Mar 2021 RM'000	Preceding Year Corresponding Quarter 31 Mar 2020 RM'000	Current Year to date 31 Mar 2021 RM'000	Preceding Year Corresponding Period 31 Mar 2020 RM'000
Revenue	24,118	13,335	79,981	65,117
Cost of sales	(23,985)	(11,491)	(76,983)	(60,990)
Gross profit	133	1,844	2,998	4,127
Other income	1,099	1,026	4,862	3,173
Distribution expenses	124	377	(1,493)	(1,541)
Administration expenses	(3,931)	(3,997)	(11,165)	(11,956)
Loss before tax	(2,575)	(750)	(4,798)	(6,197)
Tax expenses	(36)	(1,893)	(36)	(1,937)
Loss for the financial year	(2,611)	(2,643)	(4,834)	(8,134)
Other comprehensive income/(expenses), net of tax				
- Foreign currencies translation	2,194	1,813	(652)	1,463
Total comprehensive expenses for the financial year	(417)	(830)	(5,486)	(6,671)
Loss per share (sen)				
- Basic	(0.68)	(2.01)	(2.01)	(6.19)
- Diluted	(0.62)	-	(1.76)	-

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 YEAR ENDED 31 MAR 2021**

(The figures below are unaudited)

	Current Year to 31 Mar 2021 RM'000	Preceding Year Corresponding Period to 31 Mar 2020 RM'000
Operating Activities		
Loss before tax	(4,798)	(6,197)
Adjustments for:		
Impairment of trade receivable	564	-
Reversal of slow moving inventories	(2)	(381)
Depreciation of property, plant and equipment	2,466	2,409
Amorisation Expenses	1,355	1,318
Fair value gain on investment in quoted shares	-	29
Reversal of impairment on quoted shares	(346)	(1,680)
Loss on disposal of quoted shares	234	1,470
Gross dividends from quoted shares in Malaysia	-	(17)
Interest income	(203)	(260)
Interest expenses	939	611
Unrealised loss on foreign exchange	7,798	838
Loss on disposal of property, plant and equipment	3	19
Operating gain/(loss) before working capital changes	8,010	(1,841)
Changes in working capital:		
Inventories	(3,488)	(634)
Receivables	(29,482)	(921)
Payables	(1,860)	(8,117)
Cash used in operations	(26,820)	(11,513)
Tax refund/(Paid)	(28)	(258)
Net cash used in operating activities	(26,848)	(11,771)
Investing Activities		
Interest received	203	260
Interest expenses	(939)	(611)
Gross dividends from quoted shares in Malaysia	-	17
Proceeds from disposal of quoted shares	500	720
Purchase of property, plant and equipment	(4,882)	(1,351)
Proceeds from disposal of property, plant and equipment	-	258
Purchase of intangible assets	-	(137)
Net cash used in investing activities	(5,118)	(844)
Financing Activities		
Proceeds from finance borrowing	8,000	-
Repayment of operating lease commitment	(48)	4,167
Repayment of finance lease payables	(2,267)	(400)
Issuance of share capital	34,149	-
Net cash generated from financing activities	39,834	3,767
Cash and cash equivalents at beginning of the year	14,989	22,374
Net changes	7,868	(8,848)
Effect of exchange rate changes	(435)	1,463
Cash and cash equivalents at end of the year	22,422	14,989
Cash and cash equivalents comprise of:		
- Cash and bank balances	13,866	5,734
- Fixed deposits with licensed banks	8,556	9,255
	22,422	14,989

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 YEAR
ENDED 31 MAR 2021**

	← 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 year	-	-	-	(4,834)	(4,834)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(652)	-	(652)
	-	-	(652)	(4,834)	(5,486)
Conversion of warrants	18,439	(6,793)	-	6,793	18,439
Issuance of Bonus Issue of Warrants	-	24,200	-	(24,200)	-
Issuance of Private Placement	15,711	-	-	-	15,711
Balance as at 31 Mar 2021 (Unaudited)	61,222	26,612	8,129	(10,137)	85,826

(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 YEAR
ENDED 31 MAR 2021 (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 year	-	-	-	(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 year	-	-	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 –31 MAR 2021

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 equity securities for the current financial quarter under review except for (1) conversion of 1,575,700 warrants at RM0.19 dated 15 Jan 2021, (2) conversion of 4,253,300 warrants at RM0.19 dated 22 Jan 2021, (3) issuance of 71,156,000 shares under private placement at RM0.2208 dated 4 March 2021.

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)
	31.03.2021	31.03.2020		31.03.2021	31.03.2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,118	13,135	10,983	79,981	65,117	14,864
Operating Profit	133	1,844	(1,711)	2,998	4,127	(1,129)
Loss Before Interest and Tax	(2,114)	(591)	(1,523)	(3,831)	(6,038)	2,207
Loss Before Tax	(2,575)	(750)	(1,825)	(4,798)	(6,197)	1,399
Loss After Tax	(2,611)	(2,643)	32	(4,834)	(8,134)	3,300
Loss Attributable to Ordinary Equity Holder of the Company	(2,611)	(2,643)	32	(4,834)	(8,134)	3,300

Review of Group's Results for the current quarter and Period-to-date ended 31 Mar 2021

The Group recorded a total revenue of RM24.118 million for the quarter ended 31 Mar 2021. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM2.572 million and RM2.611 million for the period respectively.

The Group's revenue of RM79.981 million for the period to date 31 Mar 2021 represents an increase of approximately 22.83% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM4.798 million and RM4.834 million for the period to date 31 Mar 2021 as compared to LBT and LAT of RM6.197 million and RM8.134 million for the preceding year to date 31 Mar 2020. This result represents a reduction of LAT for around 40.57%.

The Group's increase of revenue is mainly contributed from PNE Dongguan as it secured a few new major customers. LBT / LAT has reduced compared to last financial year due to the continuous improvement in productivity and cost saving activities. The Group is still in recovery process and coping with the on-going COVID-19 negative effect especially in the Malaysia factory.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	Changes (Amount) RM'000
Revenue	24,118	19,195	4,923
Operating Profit	133	638	(505)
Loss/Profit Before Interest and Tax	(2,114)	(794)	(1,320)
Loss/Profit Before Tax	(2,575)	(1,001)	(1,574)
Loss/Profit After tax	(2,611)	(1,001)	(1,610)
Loss/Profit Attributable to the Owners of the Company	(2,611)	(1,001)	(1,610)

The Group recorded an increase of approximately 25.65% in its revenue of RM24.118 million for the quarter ended 31 Mar 2021 against RM19.195 million for the immediate preceding quarter ended 31 Dec 2020. The Group recorded LBT and LAT of RM2.575 million and RM2.611 million respectively for the current quarter ended 31 Mar 2021, as compared to LBT and LAT of RM1.001 million respectively in the immediate preceding quarter ended 31 Dec 2020. The increased loss is mainly due to the continuous increase of copper price which lead to the increase of laminate cost. The Group had managed to negotiate and got the approval from customers to absorb the material cost up into the total selling price from PNE and the impact will be accounted into the revenue of 1st quarter, financial year 2022 (April – June 2021).

3. Current year prospects

The Group is confident that the total revenue for the new financial year will continue with the increasing trend. The Group is expecting to further grow the business volume with the existing customers as well as to secure few more new customers. The management will also continue to manage and improve the production efficiencies and cost saving activities to further reduce the cost of operation to aim for profit before tax ('PBT') and profit after tax ('PAT') to be achievable in the new financial year.

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 31.03.2021 RM'000	Loss before tax Current Year 31.03.2021 RM'000
Malaysia	16,667	(4,679)
Singapore	16	390
People's Republic of China	63,545	(724)
	<hr/>	<hr/>
	80,228	(5,013)
Inter-segment elimination	(247)	215
	<hr/>	<hr/>
	79,981	(4,798)
	<hr/>	<hr/>

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>(36)</u>	<u>(1,893)</u>	<u>(36)</u>	<u>(1,937)</u>

7. Status of corporate proposal announced

- a) On 26 January 2021, Mercury Securities Sdn Bhd ("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 20%**").

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. The Private Placement 20% was completed following the listing and quotation of 71,156,000 new ordinary shares, at an issue price of RM0.2208 each, on 5 March 2021.

- b) On 23 March 2021, Mercury Securities had, on behalf of the BOD, announced that PNE proposes to undertake a private placement of up to 194,513,000 new ordinary shares in the Company, representing approximately 30% of the enlarged 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 3 May 2021, Mercury Securities had, on behalf of the BOD, announced that Bursa Securities had, vide its letter dated 3 May 2021, approved the listing and quotation of up to 194,513,000 Placement Shares to be issued pursuant to the Proposed Private Placement.

As of the date of this announcement, the Proposed 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. Status of Utilisation of Proceeds

Status of utilisation of proceeds of the Private Placement 20% as at 31 March 2021 is as follows:-

Utilisation of proceeds	Expected timeframe for the utilisation from completion of the Private Placement 20%	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceed RM'000
(i) Repayment of borrowings	Within 3 months	10,797	1,335	9,462
(ii) Upgrading of existing PCB production lines	Within 12 months	4,730	0	4,730
(iii) Working capital	Within 12 months	-	-	-
(iv) Estimated expenses for the Private Placement 20%	Immediate	184	184	0
Total		15,711	1,519	14,192

9. Trade Receivable

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

	As at current quarter ended 31 Mar 2021				
	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	8,196	11,630	1,344	1,173	22,343

10. 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:

	RM'000
<u>Long Term Borrowings</u>	
Hire Purchase Payable	3,693
Finance Borrowing	7,631
<u>Short Term Borrowings</u>	
Hire Purchase Payable	2,616
Finance Borrowing	320
Total	14,260

11. 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 31.03.2021	Preceding Year Corresponding Quarter 31.03.2020	Current Year To Date 31.03.2021	Preceding Year To Date 31.03.2020
Loss after tax (RM'000)	(2,611)	(2,643)	(4,834)	(8,134)
Weighted average number of ordinary shares in issue ('000)	383,770	131,497	240,317	131,497
Basic loss per share (sen)	<u>(0.68)</u>	<u>(2.01)</u>	<u>(2.01)</u>	<u>(6.19)</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 Mar 2021.

	Current Year Quarter 31.03.2021	Preceding Year Corresponding Quarter 31.03.2020	Current Year To Date 31.03.2021	Preceding Year To Date 31.03.2020
Loss after tax (RM'000)	<u>(2,611)</u>	<u>(2,643)</u>	<u>(4,834)</u>	<u>(8,134)</u>
Weighted average number of ordinary shares in issue ('000)	383,770	131,497	240,317	131,497
Effect of dilution after conversion of all outstanding Warrants ('000)	<u>34,455</u>	<u>-</u>	<u>34,455</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	<u>418,225</u>	<u>-</u>	<u>274,772</u>	<u>-</u>
Diluted Loss per share (sen)	<u>(0.62)</u>	<u>-</u>	<u>(1.76)</u>	<u>-</u>

12. Notes to the condensed consolidated statement of comprehensive income

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

	Current Year Quarter 31.03.2021 RM'000	Current Year To Date 31.03.2021 RM'000
Depreciation of equipment	661	2,466
Interest income	(154)	(203)
Reversal of Impairment quoted share	0	(346)
Foreign exchange loss -Unrealised	8,616	7,798
Amortisation expenses	344	1,355
Loss on disposal of plant equipment	0	3
Interest expenses	426	939
Loss on disposal of quoted shares	0	234
Reversal for slow moving inventories	(2)	(2)
Impairment of trade receivable	564	564