

PNE PCB Berhad

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

Financial Report (Announcement) 31 December 2021

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(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2021

	(Unaudited)	(Audited)
	As at 31 Dec 2021	As at 31 Mar 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,461	39,040
Intangible Asset	118	127
Total non-current assets	<u>37,579</u>	<u>39,167</u>
Current assets		
Inventories	12,210	14,232
Trade receivables	24,778	22,343
Other receivables	22,830	24,623
Tax recoverable	-	99
Cash and cash equivalents	24,561	22,422
Total current assets	<u>84,379</u>	<u>83,719</u>
TOTAL ASSETS	<u>121,958</u>	<u>122,886</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	72,151	61,221
Warrant Reserves	26,612	26,612
Reserves	(8,305)	(2,015)
Total equity	<u>90,458</u>	<u>85,818</u>
LIABILITIES		
Non-Current liability		
Finance Lease	3,223	3,691
Borrowings	-	7,631
Total non-current liability	<u>3,223</u>	<u>11,322</u>
Current liabilities		
Trade payables	24,609	20,171
Other payables	2,356	2,612
Finance Lease	1,312	2,618
Tax payable	-	24
Borrowings	-	321
Total current liabilities	<u>28,277</u>	<u>25,746</u>
TOTAL LIABILITIES	<u>31,500</u>	<u>37,068</u>
TOTAL EQUITY AND LIABILITIES	<u>121,958</u>	<u>122,886</u>
Net assets per share (RM)	0.16	0.20

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DEC 2021

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Dec 2021 RM'000	Preceding Year Corresponding Quarter 31 Dec 2020 RM'000	Current Year to date 31 Dec 2021 RM'000	Preceding Year Corresponding Period 31 Dec 2020 RM'000
Revenue	21,676	19,195	65,134	55,863
Cost of sales	(21,465)	(18,557)	(63,743)	(52,998)
Gross (Loss)/Profit	211	638	1,391	2,865
Other income	843	1,333	2,956	3,763
Distribution expenses	(727)	(527)	(2,003)	(1,617)
Administration expenses	(2,687)	(2,445)	(7,843)	(7,234)
Loss before tax	(2,360)	(1,001)	(5,499)	(2,223)
Tax expenses	-	-	-	-
Loss for the financial period	(2,360)	(1,001)	(5,499)	(2,223)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	(178)	(1,023)	(791)	(2,846)
Total comprehensive expenses for the financial period	(2,538)	(2,024)	(6,290)	(5,069)
Loss per share (sen)				
- Basic	(0.43)	(0.34)	(1.11)	(1.16)
- Diluted	(0.34)	(0.30)	(0.85)	(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 2021 and accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DEC 2021**

(The figures below are unaudited)

	Current Year to 31 Dec 2021 RM'000	Preceding Year Corresponding Period to 31 Dec 2020 RM'000
Operating Activities		
Loss before tax	(5,499)	(2,223)
Adjustments for:		
Depreciation of property, plant and equipment	2,032	1,805
Amorisation Expenses	1,065	1,011
Reversal of impairment on quoted shares	-	(346)
Loss on disposal of quoted shares	-	219
Interest income	(549)	(49)
Interest expenses	598	513
Unrealised gain on foreign exchange	(185)	(818)
Loss on disposal of property, plant and equipment	-	3
Operating (loss)/profit before working capital changes	(2,538)	115
Changes in working capital:		
Inventories	2,022	(5,850)
Receivables	(3,035)	(18,929)
Payables	6,761	3,709
Cash generated from/(used in) operations	3,210	(20,955)
Tax refund	99	461
Net cash generated from/(used in) operating activities	3,309	(20,494)
Investing Activities		
Interest received	549	49
Interest expenses	(598)	(513)
Proceeds from disposal of quoted shares	-	500
Purchase of property, plant and equipment	(1,196)	(2,138)
Net cash used in investing activities	(1,245)	(2,102)
Financing Activities		
Proceeds from finance borrowing	-	8,000
Repayment of from finance borrowing	(7,976)	-
Repayment of operating lease commitment	(1,640)	(756)
Repayment of finance lease payables	(134)	(475)
Issuance of share capital	10,930	17,331
Net cash generated from financing activities	1,180	24,100
Cash and cash equivalents at beginning of the period	22,422	14,989
Net changes	3,244	1,504
Effect of exchange rate changes	(1,105)	(2,673)
Cash and cash equivalents at end of the period	24,561	13,820
Cash and cash equivalents comprise of:		
- Cash and bank balances	15,957	8,371
- Fixed deposits with licensed banks	8,604	5,449
	24,561	13,820

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 31 DEC 2021**

	← Attributable to the owners of the Company →				
	← Non-distributable →				
	Share capital RM'000	Warrants Reserves RM'000	Exchange fluctuation reserve RM'000	Accumulated Loss RM'000	Total equity RM'000
Balance as at 1 April 2021	61,221	26,612	8,127	(10,142)	85,818
Loss for the financial period	-	-	-	(5,499)	(5,499)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(791)	-	(791)
	-	-	(791)	(5,499)	(6,290)
Issuance of Private Placement	10,930	-	-	-	10,930
Balance as at 31 Dec 2021 (Unaudited)	72,151	26,612	7,336	(15,641)	90,458

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 31 DEC 2021 (continued)**

	← Attributable to the owners of the Company →				Total equity RM'000
	Share capital RM'000	Warrants Reserves RM'000	Exchange fluctuation reserve RM'000	Retained profits/ (Accumulated loss) RM'000	
Balance as at 1 April 2020	27,072	9,205	8,781	12,104	57,162
Loss for the financial year	-	-	-	(4,839)	(4,839)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(654)	-	(654)
	-	-	(654)	(4,839)	(5,493)
Conversion of warrants	18,438	(6,793)	-	6,793	18,438
Issuance of Bonus Issue of Warrants	-	24,200	-	(24,200)	-
Issuance of Private Placement	15,711	-	-	-	15,711
Balance as at 31 March 2021 (Audited)	61,221	26,612	8,127	(10,142)	85,818

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and accompanying explanatory notes attached to the interim financial statements.)

PNE PCB BERHAD
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NOTES TO THE QUARTERLY REPORT –31 DEC 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 2021.

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) issuance of 46,000,000 shares under private placement at RM0.103 dated 27 Jul 2021, (2) issuance of 50,000,000 shares under private placement at RM0.0786 dated 25 Aug 2021, (3) issuance of 33,357,000 shares under private placement at RM0.0678 dated 2 Nov 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 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

The Group have made commitments for the following capital expenditures:

	2021 RM	2020 RM
Intangible assets		
Contracted but not provided for	<u>1,367,000</u>	<u>-</u>
Right of use assets		
Contracted but not provided for	<u>8,328,840</u>	<u>-</u>
Investment properties		
Contracted but not provided for	<u>731,864</u>	<u>731,864</u>

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)
	31.12.2021 RM'000	31.12.2020 RM'000	RM'000	31.12.2021 RM'000	31.12.2020 RM'000	RM'000
Revenue	21,676	19,195	2,481	65,134	55,863	9,271
Operating (Loss)/Profit	211	638	(427)	1,391	2,865	(1,474)
Loss Before Interest and Tax	(2,269)	(794)	(1,475)	(4,901)	(1,710)	(3,191)
Loss Before Tax	(2,360)	(1,001)	(1,359)	(5,499)	(2,223)	(3,276)
Loss After Tax	(2,360)	(1,001)	(1,359)	(5,499)	(2,223)	(3,276)
Loss Attributable to Ordinary Equity Holder of the Company	(2,360)	(1,001)	(1,359)	(5,499)	(2,223)	(3,276)

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

The Group recorded a total revenue of RM21.676 million for the quarter ended 31 Dec 2021. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM2.36 million for the period respectively.

The Group's revenue of RM65.134 million for the period to date 31 Dec 2021 represents an increase of approximately 16.60% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM5.499 million for the period to date 31 Dec 2021 as compared to LBT and LAT of RM2.223 million for the preceding year to date 31 Dec 2020.

The Group had recorded continuous increases in revenue for the last 3 quarters compared to preceding year corresponding quarters. However, due to the continuous increase of copper clad laminates cost, which represents more than 70% of the product COGS, the Group had not been able to generate a profit from the increasing revenue. Agreements had been gradually made with customers in relation to the copper clad laminates cost and the Group is confident to turn the losses to profit very soon.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.09.2021 RM'000	Changes (Amount) RM'000
Revenue	21,676	21,664	12
Operating (Loss)/Profit	211	559	(348)
Loss Before Interest and Tax	(2,269)	(1,744)	(525)
Loss Before Tax	(2,360)	(1,843)	(517)
Loss After tax	(2,360)	(1,843)	(517)
Loss Attributable to the Owners of the Company	(2,360)	(1,843)	(517)

The Group recorded an increase of approximately 0.06% in its revenue of RM21.676 million for the quarter ended 31 Dec 2021 against RM21.664 million for the immediate preceding quarter ended 30 Sep 2021. The Group recorded LBT and LAT of RM2.360 million respectively for the current quarter ended 31 Dec 2021, as compared to LBT and LAT of RM1.843 million respectively in the immediate preceding quarter ended 30 Sep 2021. The increased loss is mainly due to higher cost of operation and slowdown of sales in Malaysia due to Covid-19 movement control order as well as the increasing cost of copper clad laminates (CCL).

3. Current year prospects

The Group is expecting an output and deliveries reduction in end Jan-beginning of Feb 2022 due to long Chinese New Year holiday in China, hence will lead to a slight reduction of revenue. However, we will be expecting gradual increase in customers' demand, and we are expecting to see the positive impact in 4th Quarter. The Group will be working hard to achieve a break-even for current financial year amid the continuous 2 years of pandemic impact on the business.

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 31.12.2021 RM'000	Loss before tax Current Year 31.12.2021 RM'000
Malaysia	8,785	(2,657)
Singapore	15	(128)
People's Republic of China	56,473	(2,617)
	<u>65,273</u>	<u>(5,402)</u>
Inter-segment elimination	(139)	97
	<u>65,134</u>	<u>(5,499)</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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

7. Status of corporate proposal announced

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 (“**PNE Shares**” or “**Shares**”) (“**Placement Shares**”), 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 (“**Private Placement 30%**”).

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 Private Placement 30%.

As of the date of this announcement, PNE has placed out a total of 129,357,000 Placement Shares, raising a total of RM10.93 million, via the following tranches:

(i) 46,000,000 Placement Shares at an issue price of RM0.1030 per Placement Share, which were listed on the Main Market of Bursa Securities on 27 July 2021.

(ii) 50,000,000 Placement Shares at an issue price of RM0.0786 per Placement Share, which were listed on the Main Market of Bursa Securities on 25 August 2021.

(iii) 33,357,000 Placement Shares at an issue price of RM0.0678 per Placement Share, which were listed on the Main Market of Bursa Securities on 2 November 2021.

The Company wishes to inform that the Private Placement 30% has been completed following the listing and quotation of the above tranches.

The Company has decided not to place out the remaining 65,156,000 Placement Shares out of the 194,513,000 Placement Shares allocated under the Maximum Scenario as set out in the Circular dated 12 May 2021.

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

On 5 March 2021, the Group completed a private placement involving 71,156,000 new ordinary shares of the Company, raising a total of RM15.71 million (“**Private Placement 20%**”).

Status of utilisation of proceeds of the Private Placement 20% as at 31 Dec 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	9,963	834
(ii) Upgrading of existing PCB production lines	Within 12 months	4,730	202	4,528
(iii) Estimated expenses for the Private Placement 20%	Immediate	184	184	0
Total		15,711	10,349	5,362

On 2 November 2021, the Group completed a private placement involving 129,357,000 new ordinary shares of the Company, raising a total of RM10.93 million (“**Private Placement 30%**”).

Status of utilisation of proceeds of the Private Placement 30% as at 31 Dec 2021 is as follows:-

Utilisation of proceeds	Expected timeframe for the utilisation from completion of the Private Placement 30%	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceed RM'000
(i) Capital expenditure for the Gloves Business	Within 12 months	10,500	0	10,500
(iii) Estimated expenses for the Private Placement 30%	Immediate	430	430	0
Total		10,930	430	10,500

9. Trade Receivable

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

	As at current quarter ended 31 Dec 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	7,715	12,524	702	3,837	24,778

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:

	<u>RM'000</u>
<u>Long Term Borrowings</u>	
Hire Purchase Payable	3,223
<u>Short Term Borrowings</u>	
Hire Purchase Payable	1,312
Total	<u>4,535</u>

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 31.12.2021	Preceding Year Corresponding Quarter 31.12.2020	Current Year To Date 31.12.2021	Preceding Year To Date 31.12.2020
Loss after tax (RM'000)	(2,360)	(1,001)	(5,499)	(2,223)
Weighted average number of ordinary shares in issue ('000)	549,438	295,008	497,137	192,300
Basic loss per share (sen)	<u>(0.43)</u>	<u>(0.34)</u>	<u>(1.11)</u>	<u>(1.16)</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 2021.

	Current Year Quarter 31.12.2021	Preceding Year Corresponding Quarter 31.12.2020	Current Year To Date 31.12.2021	Preceding Year To Date 31.12.2020
Loss after tax (RM'000)	(2,360)	(1,001)	(5,499)	(2,223)
Weighted average number of ordinary shares in issue ('000)	549,438	295,008	497,137	192,300
Effect of dilution after conversion of all outstanding Warrants ('000)	152,507	40,284	152,507	40,284
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	701,945	335,292	649,644	232,584
Diluted Loss per share (sen)	(0.34)	(0.30)	(0.85)	(0.96)

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 31.12.2021 RM'000	Current Year To Date 31.12.2021 RM'000
Depreciation of equipment	622	2,032
Interest income	(471)	(549)
Foreign exchange gain -Unrealised	(173)	(185)
Amortisation expenses	358	1,065
Interest expenses	91	598