

PNE PCB Berhad

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

Financial Report (Announcement) 31 March 2022

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAR 2022**

| | (Unaudited) | (Audited) |
|-------------------------------------|-----------------------|-----------------------|
| | As at 31 Mar 2022 | As at 31 Mar 2021 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 40,874 | 39,040 |
| Intangible Asset | 8,751 | 127 |
| Total non-current assets | <u>49,625</u> | <u>39,167</u> |
| Current assets | | |
| Inventories | 10,725 | 14,232 |
| Trade receivables | 21,085 | 22,343 |
| Other receivables | 5,540 | 24,623 |
| Tax recoverable | 148 | 99 |
| Cash and cash equivalents | <u>23,700</u> | <u>22,422</u> |
| Total current assets | <u>61,198</u> | <u>83,719</u> |
| TOTAL ASSETS | <u>110,823</u> | <u>122,886</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 72,151 | 61,221 |
| Warrant Reserves | 26,612 | 26,612 |
| Reserves | <u>(22,065)</u> | <u>(2,015)</u> |
| Total equity | <u>76,698</u> | <u>85,818</u> |
| LIABILITIES | | |
| Non-Current liability | | |
| Finance Lease | 5,734 | 3,691 |
| Borrowings | <u>-</u> | <u>7,631</u> |
| Total non-current liability | <u>5,734</u> | <u>11,322</u> |
| Current liabilities | | |
| Trade payables | 22,419 | 20,171 |
| Other payables | 3,257 | 2,612 |
| Finance Lease | 2,715 | 2,618 |
| Tax payable | - | 24 |
| Borrowings | <u>-</u> | <u>321</u> |
| Total current liabilities | <u>28,391</u> | <u>25,746</u> |
| TOTAL LIABILITIES | <u>34,125</u> | <u>37,068</u> |
| TOTAL EQUITY AND LIABILITIES | <u>110,823</u> | <u>122,886</u> |
| Net assets per share (RM) | 0.14 | 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.)

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAR 2022

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|--|--|--|--|--|
| | Current Quarter 31 Mar 2022 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2021 RM'000 | Current Year to date 31 Mar 2022 RM'000 | Preceding Year Corresponding Period 31 Mar 2021 RM'000 |
| Revenue | 20,327 | 24,118 | 85,461 | 79,981 |
| Cost of sales | (21,117) | (23,985) | (84,860) | (76,983) |
| Gross (Loss)/Profit | (790) | 133 | 601 | 2,998 |
| Other income | 1,090 | 1,099 | 4,046 | 4,862 |
| Distribution expenses | 401 | 124 | (1,602) | (1,493) |
| Administration expenses | (15,873) | (3,931) | (23,716) | (11,165) |
| Loss before tax | (15,172) | (2,575) | (20,671) | (4,798) |
| Tax expenses | (15) | (36) | (15) | (36) |
| Loss for the financial period | (15,187) | (2,611) | (20,686) | (4,834) |
| Other comprehensive expenses, net of tax | | | | |
| - Foreign currencies translation | 1,427 | 2,194 | 636 | (652) |
| Total comprehensive expenses for the financial year | (13,760) | (417) | (20,050) | (5,486) |
| Loss per share (sen) | | | | |
| - Basic | (2.71) | (0.68) | (4.03) | (2.01) |
| - Diluted | (2.13) | (0.62) | (3.11) | (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 2021 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 2022**

(The figures below are unaudited)

| | Current Year to 31 Mar 2022 RM'000 | Preceding Year Corresponding Period to 31 Mar 2021 RM'000 |
|---|---|--|
| Operating Activities | | |
| Loss before tax | (20,671) | (4,798) |
| Adjustments for: | | |
| Impairment of trade receivable | 3,595 | - |
| Allowance for doubtful debts | - | 564 |
| Allowance of slow moving inventories | 115 | (2) |
| Written off of property, plant and equipment | 1 | - |
| Depreciation of property, plant and equipment | 2,899 | 2,466 |
| Amorisation Expenses | - | 1,355 |
| Allowance for impairment of deposits | 9,000 | - |
| Reversal of impairment on quoted shares | - | (346) |
| Loss on disposal of quoted shares | - | 234 |
| Amortisation of intangible asset | 15 | - |
| Reversal of impairment on trade receivables | (47) | - |
| Interest income | (170) | (203) |
| Interest expenses | 717 | 939 |
| Reversal of provision for slow moving inventories | (2) | - |
| Unrealised loss on foreign exchange | 107 | 7,798 |
| Loss on disposal of property, plant and equipment | 3 | 3 |
| Operating (loss)/profit before working capital changes | (4,438) | 8,010 |
| Changes in working capital: | | |
| Inventories | 3,395 | (3,488) |
| Receivables | 7,407 | (29,482) |
| Payables | 3,229 | (1,860) |
| Cash generated from/(used in) operations | 9,593 | (26,820) |
| Tax refund | 11 | (28) |
| Tax paid | (76) | - |
| Net cash generated from/(used in) operating activities | 9,528 | (26,848) |
| Investing Activities | | |
| Interest received | 170 | 203 |
| Interest expenses | (717) | (939) |
| Proceeds from disposal of quoted shares | - | 500 |
| Purchase of property, plant and equipment | (742) | (4,882) |
| Proceeds from disposal of property, plant and equipment | 4 | - |
| Purchase of intangible assets | (8,639) | - |
| Net cash used in investing activities | (9,924) | (5,118) |
| Financing Activities | | |
| Proceeds from finance borrowing | 106 | 8,000 |
| Repayment of from finance borrowing | (8,292) | - |
| Repayment of operating lease commitment | - | (48) |
| Repayment of finance lease payables | (2,518) | (2,267) |
| Issuance of share capital | 10,930 | 34,149 |
| Net cash generated from financing activities | 226 | 39,834 |
| Cash and cash equivalents at beginning of the year | 22,422 | 14,989 |
| Net changes | (170) | 7,868 |
| Effect of exchange rate changes | 1,448 | (435) |
| Cash and cash equivalents at end of the year | 23,700 | 22,422 |
| Cash and cash equivalents comprise of: | | |
| - Cash and bank balances | 8,661 | 13,866 |
| - Fixed deposits with licensed banks | 15,039 | 8,556 |
| | 23,700 | 22,422 |

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 YEAR
ENDED 31 MAR 2022**

| | ← 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 | - | - | - | (20,686) | (20,686) |
| Other comprehensive expenses for the financial period, net of tax: | | | | | |
| - Exchange differences on translation of the financial statements of foreign subsidiaries | - | - | 636 | - | 636 |
| | - | - | 636 | (20,686) | (20,050) |
| Issuance of Private Placement | 10,930 | - | - | - | 10,930 |
| Balance as at 31 Mar 2022 (Unaudited) | 72,151 | 26,612 | 8,763 | (30,828) | 76,698 |

(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 YEAR
ENDED 31 MAR 2022 (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 MAR 2022

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:

| | <u>2022</u> <u>RM</u> | <u>2021</u> <u>RM</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) |
| | 31.03.2022 RM'000 | 31.03.2021 RM'000 | RM'000 | 31.03.2022 RM'000 | 31.03.2021 RM'000 | RM'000 |
| Revenue | 20,327 | 24,118 | (3,791) | 85,461 | 79,981 | 5,480 |
| Operating (Loss)/Profit | (790) | 133 | (923) | 601 | 2,998 | (2,397) |
| Loss Before Interest and Tax | (15,053) | (2,114) | (12,939) | (19,954) | (3,831) | (16,123) |
| Loss Before Tax | (15,172) | (2,575) | (12,597) | (20,671) | (4,798) | (15,873) |
| Loss After Tax | (15,187) | (2,611) | (12,576) | (20,686) | (4,834) | (15,852) |
| Loss Attributable to Ordinary Equity Holder of the Company | (15,187) | (2,611) | (12,576) | (20,686) | (4,834) | (15,852) |

Review of Group's Results for the current quarter and Period-to-date ended 31 Mar 2022

The Group recorded a total revenue of RM20.327 million for the quarter ended 31 Mar 2022. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM15.172 million and RM15.187 million for the period respectively.

The Group's revenue of RM85.461 million for the period to date 31 Mar 2022 represents an increase of approximately 6.86% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM20.671 million and RM20.686 million for the period to date 31 Mar 2022 as compared to LBT and LAT of RM4.798 million and 4.834 million respectively for the preceding year to date 31 Mar 2021.

The Group had recorded continuous increases in revenue for the last 4 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. There is also an impairment being recognised amounting to approximately RM 12.59 million. This has contributed to the sudden increase of LBT and LAT in the current Quarter.

2. Financial review for Current Quarter and Immediate Preceding Quarter

| | Current Period Quarter 31.03.2022 RM'000 | Immediate Preceding Quarter 31.12.2021 RM'000 | Changes (Amount) RM'000 |
|---|---|--|--|
| Revenue | 20,327 | 21,676 | (1,349) |
| Operating (Loss)/Profit | (790) | 211 | (1,001) |
| Loss Before Interest and Tax | (15,053) | (2,269) | (12,784) |
| Loss Before Tax | (15,172) | (2,360) | (12,812) |
| Loss After tax | (15,187) | (2,360) | (12,827) |
| Loss Attributable to the Owners of the Company | (15,187) | (2,360) | (12,827) |

The Group recorded a decrease of approximately 6.23% in its revenue of RM20.327 million for the quarter ended 31 Mar 2022 against RM21.676 million for the immediate preceding quarter ended 31 Dec 2021. The Group recorded LBT and LAT of RM15.172 and RM15.187 million respectively for the current quarter ended 31 Mar 2022, as compared to LBT and LAT of RM2.360 million respectively in the immediate preceding quarter ended 31 Dec 2021. The increased loss is mainly due to higher cost of operation and slowdown of sales in Malaysia and China in month of February 2022 due to Chinese New Year holidays, shortage of IC Chips which affected customers' purchase orders, as well as the increasing cost of copper clad laminates (CCL). There is also an impairment being recognised amounting to approximately RM 12.59 million. This has contributed to the sudden increase of LBT and LAT in the current Quarter.

3. Current year prospects

The Group is very positive for the upcoming new Financial Year starting from Month April 2022. Apart from the continuous cost consistency of Copper Clad Laminates, Customers' approval on adjustment of selling prices accordingly, the improving situation on COVID-19 impact on economy in general has shown encouraging sign of businesses return. The Group has also successfully acquired 2 new Major customer accounts and increased Purchase Order which is estimated to be effective from month of June 2022.

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 31.03.2022 RM'000 | Loss before tax Current Year 31.03.2022 RM'000 |
|----------------------------|---|---|
| Malaysia | 12,744 | (16,208) |
| Singapore | 20 | (130) |
| People's Republic of China | 72,892 | (4,570) |
| | <u>85,656</u> | <u>(20,908)</u> |
| Inter-segment elimination | (195) | 237 |
| | <u>85,461</u> | <u>(20,671)</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 | |
|-----------------|------------------------|-------------------|---------------------------|-------------------|
| | 31.03.2022 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expense | | | | |
| Malaysian Tax | | | | |
| -Current period | <u>(15)</u> | <u>(36)</u> | <u>(15)</u> | <u>(36)</u> |

7. 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 Mar 2022 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 | 10,160 | 637 |
| (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 | 10,546 | 5,165 |

As at 31 March 2022, the Company has yet to fully utilise the proceeds raised from the Private Placement 20%. After careful deliberation of the current economic situation due to the Covid-19 pandemic as well as the closure of international borders, the Group requires additional time to complete the utilisation of the proceeds earmarked for upgrading of existing PCB production lines due to the disruption and uncertainties caused by the Covid-19 pandemic and the implementation of movement control orders in Malaysia and globally.

After due deliberation, the Board has decided to extend the timeframe for the utilisation of proceeds for the upgrading of existing PCB production lines for 12 months from the completion of Private Placement 20%.

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 Mar 2022 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 |

8. Trade Receivable

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

| | As at current quarter ended 31 Mar 2022 | | | | |
|-------------------|---|------------|------------|--------------------|--------|
| | 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 | 6,883 | 11,756 | 2,363 | 83 | 21,085 |

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 | 5,734 |
| <u>Short Term Borrowings</u> | |
| Hire Purchase Payable | 2,715 |
| Total | <u>8,449</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 31.03.2022 | Preceding Year Corresponding Quarter 31.03.2021 | Current Year To Date 31.03.2022 | Preceding Year To Date 31.03.2021 |
|--|--|--|--|--|
| Loss after tax (RM'000) | (15,187) | (2,611) | (20,686) | (4,834) |
| Weighted average number of ordinary shares in issue ('000) | 560,549 | 383,770 | 513,039 | 240,317 |
| Basic loss per share (sen) | <u>(2.71)</u> | <u>(0.68)</u> | <u>(4.03)</u> | <u>(2.01)</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 2022.

| | Current Year Quarter 31.03.2022 | Preceding Year Corresponding Quarter 31.03.2021 | Current Year To Date 31.03.2022 | Preceding Year To Date 31.03.2021 |
|---|--|--|--|--|
| Loss after tax (RM'000) | (15,187) | (2,611) | (20,686) | (4,834) |
| Weighted average number of ordinary shares in issue ('000) | 560,549 | 383,770 | 513,039 | 240,317 |
| Effect of dilution after conversion of all outstanding Warrants ('000) | 152,507 | 34,455 | 152,507 | 34,455 |
| Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share | 713,056 | 418,225 | 665,546 | 274,772 |
| Diluted Loss per share (sen) | (2.13) | (0.62) | (3.11) | (1.76) |

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 31.03.2022 RM'000 | Current Year To Date 31.03.2022 RM'000 |
|---|---|---|
| Depreciation of equipment | 867 | 2,899 |
| Interest income | 379 | (170) |
| Foreign exchange loss | 292 | 107 |
| -Unrealised | | |
| Interest expenses | 119 | 717 |
| Loss on disposal of plant equipment | 3 | 3 |
| Allowance for slow moving inventories | 115 | 115 |
| Impairment of trade receivable | 3,595 | 3,595 |
| Allowance for Impairment of deposits | 9,000 | 9,000 |
| Amortisation of intangible asset | 15 | 15 |
| Written off of property, plant and equipment | 1 | 1 |
| Reversal of provision for slow moving inventories | (2) | (2) |
| Reversal of impairment on trade receivables | (47) | (47) |