

PNE PCB Berhad

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

Financial Report (Announcement) 31 March 2023

PNE PCB Berhad
Registration No.:198801000741 (168098-V)
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	(Unaudited)	(Audited)
	As at 31 Mar 2023	As at 31 Mar 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,316	40,874
Intangible Asset	7,005	8,751
Total non-current assets	<u>35,321</u>	<u>49,625</u>
Current assets		
Inventories	13,362	10,717
Trade receivables	13,803	21,085
Other receivables	5,358	5,541
Tax recoverable	172	131
Cash and cash equivalents	13,698	23,711
Other Investment	10,087	-
Total current assets	<u>56,480</u>	<u>61,185</u>
TOTAL ASSETS	<u>91,801</u>	<u>110,810</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	72,151	72,151
Warrant Reserves	26,612	26,612
Reserves	(34,221)	(22,082)
Total equity	<u>64,542</u>	<u>76,681</u>
LIABILITIES		
Non-Current liability		
Borrowing	345	-
Finance Lease	264	5,734
Total non-current liability	<u>609</u>	<u>5,734</u>
Current liabilities		
Trade payables	15,931	16,733
Other payables	4,893	3,261
Finance Lease	4,827	8,400
Tax payable	-	1
Borrowings	999	-
Total current liabilities	<u>26,650</u>	<u>28,395</u>
TOTAL LIABILITIES	<u>27,259</u>	<u>34,129</u>
TOTAL EQUITY AND LIABILITIES	<u>91,801</u>	<u>110,810</u>
Net assets per share (RM)	0.12	0.14

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 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 MARCH 2023

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Mar 2023 RM'000	Preceding Year Corresponding Quarter 31 Mar 2022 RM'000	Current Year to date 31 Mar 2023 RM'000	Preceding Year Corresponding Period 31 Mar 2022 RM'000
Revenue	12,052	20,327	81,578	85,461
Cost of sales	(10,629)	(21,117)	(77,570)	(84,860)
Gross Profit / (Loss)	1,423	(790)	4,008	601
Other income	1,149	1,090	4,068	4,046
Distribution expenses	488	401	(1,579)	(1,602)
Administration expenses	(9,356)	(15,873)	(19,030)	(23,716)
Loss before tax	(6,296)	(15,172)	(12,533)	(20,671)
Tax expenses	(53)	(15)	(66)	(15)
Loss for the financial year	(6,349)	(15,187)	(12,599)	(20,686)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	(493)	1,427	460	636
Total comprehensive expenses for the financial year	(6,842)	(13,760)	(12,139)	(20,050)
Loss per share (sen)				
- Basic	(1.13)	(2.71)	(2.25)	(4.03)
- Diluted	(0.89)	(2.13)	(1.77)	(3.11)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 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 MARCH 2023

	Current Year to 31 Mar 2023 RM'000	Preceding Year Corresponding Period to 31 Mar 2022 RM'000
Operating Activities		
Loss before tax	(12,599)	(20,671)
Adjustments for:		
Impairment of trade receivable	-	3,595
Allowance for doubtful debt	39	-
Reversal of slow moving inventories	-	(2)
Depreciation of property, plant and equipment	4,215	2,899
Amortisation Expenses	1,434	-
Property, plant and equipment written off	2,155	1
Reversal of impairment on property, plant and equipment	(161)	-
Impairment on property, plant and equipment	4,852	-
Allowance for impairment of deposits	-	9,000
Amortisation of intangible asset	-	15
Reversal of impairment of trade receivable	(34)	(47)
Allowance for slow moving inventories	142	115
Interest income	(299)	(170)
Interest expenses	314	717
Unrealised loss on foreign exchange	1,295	107
(Gain)/Loss on disposal of property, plant and equipment	(12)	3
Operating gain/ (loss) before working capital changes	<u>1,341</u>	<u>(4,438)</u>
Changes in working capital:		
Inventories	(2,787)	3,395
Receivables	16,102	7,407
Payables	(6,556)	3,229
Cash generated from operations	<u>8,100</u>	<u>9,593</u>
Tax refund	-	11
Tax paid	(42)	(76)
Net cash generated from operating activities	<u>8,058</u>	<u>9,528</u>
Investing Activities		
Interest received	299	170
Interest expenses	(314)	(717)
Purchase of property, plant and equipment	(596)	(742)
Other Investment	(10,087)	-
Proceeds from disposal of property, plant and equipment	33	4
Purchase of intangible assets	-	(8,639)
Net cash used in investing activities	<u>(10,665)</u>	<u>(9,924)</u>
Financing Activities		
Proceeds from finance borrowing	1,344	106
Repayment of from finance borrowing	-	(8,292)
Repayment of operating lease commitment	(10,952)	-
Repayment of finance lease payables	(641)	(2,518)
Issuance of share capital	-	10,930
Net cash (used in)/generated from financing activities	<u>(10,249)</u>	<u>226</u>
Cash and cash equivalents at beginning of the period	23,711	22,422
Net changes	(12,856)	(170)
Effect of exchange rate changes	2,843	1,448
Cash and cash equivalents at end of the year	<u>13,698</u>	<u>23,700</u>
Cash and cash equivalents comprise of:		
- Cash and bank balances	4,865	8,661
- Fixed deposits with licensed banks	8,833	15,039
	<u>13,698</u>	<u>23,700</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 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 MARCH 2023**

	← 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 2022	72,151	26,612	8,719	(30,801)	76,681
Loss for the financial year	-	-	-	(12,599)	(12,599)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	460	-	460
	-	-	460	(12,599)	(12,139)
Balance as at 31 Mar 2023 (Unaudited)	72,151	26,612	9,179	(43,400)	64,542

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 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 MARCH 2023 (continued)**

	←----- 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 year	-	-	-	(20,659)	(20,659)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	592	-	592
	-	-	592	(20,659)	(20,067)
Issuance of Private Placement	10,930	-	-	-	10,930
Balance as at 31 March 2022 (Audited)	72,151	26,612	8,719	(30,801)	76,681

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and accompanying explanatory notes attached to the interim financial statements.)

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NOTES TO THE QUARTERLY REPORT –31 MAR 2023

Part B – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022.

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 March 2022, except for the adoption of the following Amendments effective 1 January 2022:

- Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract

The Group has adopted the Amendments that are relevant and effective for accounting periods beginning on or after 1 January, 2022. The adoption of these Amendments has not resulted in any material impact on the financial statements of the Group.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been applied by the Group:

- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

There were no significant seasonal or cyclical factors affecting the operations of the Group in the current quarter under review.

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 under review.

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 quarter under review.

7. Dividends

There were no dividends declared or paid during the current quarter under review.

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 as at the date of this report.

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 were no material litigation as at the date of this quarterly report.

15. Significant Related Party Disclosures

There were no significant related party transactions during the current quarter under review.

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)
	31.03.2023	31.03.2022		31.03.2023	31.03.2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,052	20,327	(8,275)	81,578	85,461	(3,883)
Operating Profit	1,423	(790)	2,213	4,008	601	3,407
Loss Before Interest and Tax	(6,231)	(15,053)	8,822	(12,219)	(19,954)	7,735
Loss Before Tax	(6,296)	(15,172)	8,876	(12,533)	(20,671)	8,138
Loss After Tax	(6,349)	(15,187)	8,838	(12,599)	(20,686)	8,087
Loss Attributable to Ordinary Equity Holder of the Company	(6,349)	(15,187)	8,838	(12,599)	(20,686)	8,087

Review of Group's Results for the current quarter and Period-to-date ended 31 Mar 2023

The Group recorded a total revenue of RM12.052 million for the quarter ended 31 Mar 2023. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM6.296 million and RM6.349 million respectively for the period.

The Group's revenue of RM81.578 million for the period to date 31 Mar 2023 represents a decrease of approximately 4.544% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM12.533 million and RM12.599 million respectively for the period to date 31 Mar 2023 as compared to LBT of RM20.671 and LAT of RM20.686 million respectively for the preceding year to date 31 Mar 2022.

The Group had recorded decreases in revenue for the period to date compared to preceding year corresponding period. The slight reduction of revenue for the period to date is decreases in purchase orders from customers due to overstock purchase in the previous months. The losses are mainly due to higher depreciation of RM4.215 million as well as unrealised loss on foreign exchange of RM1.295 million for the period to date.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.03.2023 RM'000	Immediate Preceding Quarter 31.12.2022 RM'000	Changes (Amount) RM'000
Revenue	12,052	19,045	(6,993)
Operating Profit/(Loss)	1,423	835	588
Loss Before Interest and Tax	(6,231)	(976)	(5,255)
Loss Before Tax	(6,296)	(1,053)	(5,243)
Loss After tax	(6,349)	(1,066)	(5,283)
Loss Attributable to the Owners of the Company	(6,349)	(1,066)	(5,383)

The Group recorded a decrease of approximately 36.72% in its revenue of RM12.052 million for the quarter ended 31 Mar 2023 against RM19.045 million for the immediate preceding quarter ended 31 Dec 2022. The reduction of revenue in the current quarter is due to lower orders from customers due to the global market condition. The Group recorded LBT and LAT of RM6.296 million and RM6.349 million respectively for the current quarter ended 31 Mar 2023, as compared to LBT and LAT of RM1.053 million and RM1.066 million respectively in the immediate preceding quarter ended 31 Dec 2022. A higher loss in the current quarter was mainly due to lower order from customers and impairment loss on property, plant and equipment.

3. Current year prospects

There is a slight slowing down on customers' demand generally starting from current quarter. Due to the global market condition, we expecting the slow demand will be continuous at least for the next 6 months. However, the Group is working closely with the customers to try to get hold of as much order as possible.

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 31.03.2023 RM'000	Loss before tax Current Year 31.03.2023 RM'000
Malaysia	11,007	(12,067)
Singapore	4	119
People's Republic of China	70,612	(4,752)
	<u>81,623</u>	<u>(16,700)</u>
Inter-segment elimination	(45)	4,167
	<u>81,578</u>	<u>(12,533)</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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>53</u>	<u>15</u>	<u>66</u>	<u>15</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 2023 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 12 months	10,443	10,443	0
(ii) Upgrading of existing PCB production lines	Within 36 months	5,084	202	4,882
(iii) Estimated expenses for the Private Placement 20%	Immediate	184	184	0
Total		15,711	10,829	4,882

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 2023 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 24 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 2023				
	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	5,783	7,227	665	128	13,803

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	608
<u>Short Term Borrowings</u>	
Hire Purchase Payable/Term Bills	5,826
Total	<u>6,434</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 31.03.2023	Preceding Year Corresponding Quarter 31.03.2022	Current Year To Date 31.03.2023	Preceding Year To Date 31.03.2022
Loss after tax (RM'000)	(6,349)	(15,187)	(12,599)	(20,686)
Weighted average number of ordinary shares in issue ('000)	560,549	560,549	560,549	513,039
Basic loss per share (sen)	<u>(1.13)</u>	<u>(2.71)</u>	<u>(2.25)</u>	<u>(4.03)</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 2023.

	Current Year Quarter 31.03.2023	Preceding Year Corresponding Quarter 31.03.2022	Current Year To Date 31.03.2023	Preceding Year To Date 31.03.2022
Loss after tax (RM'000)	<u>(6,349)</u>	<u>(15,187)</u>	<u>(12,599)</u>	<u>(20,686)</u>
Weighted average number of ordinary shares in issue ('000)	560,549	560,549	560,549	513,039
Effect of dilution after conversion of all outstanding Warrants ('000)	<u>152,507</u>	<u>152,507</u>	<u>152,507</u>	<u>152,507</u>
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	<u>713,056</u>	<u>713,056</u>	<u>713,056</u>	<u>665,546</u>
Diluted Loss per share (sen)	<u>(0.89)</u>	<u>(2.13)</u>	<u>(1.77)</u>	<u>(3.11)</u>

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 31.03.2023 RM'000	Current Year To Date 31.03.2023 RM'000
Depreciation of equipment	1,677	4,215
Interest income	(101)	(299)
Foreign exchange gain -Unrealised	(484)	1,295
Interest expenses	65	314
Gain on disposal of plant equipment	(3)	(12)
Amortisation expenses	44	1,434
Allowance for doubtful debt	39	39
PPE written off	2,155	2,155
Reversal of impairment on property, plant and equipment	(161)	(161)
Provision for slow moving stocks	142	142
Reversal of impairment of trade receivable	34	34
Impairment on property, plant and equipment	4,852	4,852