

PNE PCB Berhad

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

Financial Report (Announcement) 30 June 2023

PNE PCB Berhad

Registration No.:198801000741 (168098-V)

(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	(Unaudited)	(Audited)
	As at 30 Jun 2023	As at 31 Mar 2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,013	28,317
Intangible Asset	6,570	7,005
Total non-current assets	<u>37,583</u>	<u>35,322</u>
Current assets		
Inventories	10,151	13,362
Trade receivables	12,133	13,803
Other receivables	2,669	5,359
Tax recoverable	-	172
Cash and cash equivalents	12,306	13,919
Other Investment	10,177	10,087
Total current assets	<u>47,436</u>	<u>56,702</u>
TOTAL ASSETS	<u>85,019</u>	<u>92,024</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	72,151	72,151
Warrant Reserves	26,612	26,612
Reserves	(37,648)	(34,074)
Total equity	<u>61,115</u>	<u>64,689</u>
LIABILITIES		
Non-Current liability		
Finance Lease	230	264
Borrowings	184	344
Total non-current liability	<u>414</u>	<u>608</u>
Current liabilities		
Trade payables	12,130	15,932
Other payables	5,587	4,967
Finance Lease	1,824	2,278
Tax payable	-	1
Borrowings	3,949	3,549
Total current liabilities	<u>23,490</u>	<u>26,727</u>
TOTAL LIABILITIES	<u>23,904</u>	<u>27,335</u>
TOTAL EQUITY AND LIABILITIES	<u>85,019</u>	<u>92,024</u>
Net assets per share (RM)	0.11	0.12

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 and accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter 30 Jun 2022 RM'000	Current Year to date 30 Jun 2023 RM'000	Preceding Year Corresponding Period 30 Jun 2022 RM'000
Revenue	13,211	23,675	13,211	23,675
Cost of sales	(13,117)	(23,376)	(13,117)	(23,376)
Gross Profit	94	299	94	299
Other income	521	1,149	521	1,149
Distribution expenses	(480)	(683)	(480)	(683)
Administration expenses	(3,761)	(3,460)	(3,761)	(3,460)
Loss before tax	(3,626)	(2,695)	(3,626)	(2,695)
Tax expenses	(6)	-	(6)	-
Loss for the financial period	(3,632)	(2,695)	(3,632)	(2,695)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	58	282	58	282
Total comprehensive expenses for the financial period	(3,574)	(2,413)	(3,574)	(2,413)
Loss per share (sen)				
- Basic	(0.65)	(0.48)	(0.65)	(0.48)
- Diluted	(0.51)	(0.38)	(0.51)	(0.38)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 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 30 JUNE 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 2023	72,151	26,612	9,326	(43,400)	64,689
Loss for the financial period	-	-	-	(3,632)	(3,632)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	58	-	58
	-	-	58	(3,632)	(3,574)
Balance as at 30 Jun 2023 (Unaudited)	72,151	26,612	9,384	(47,032)	61,115

(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 2023 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 30 JUNE 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 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	-	-	607	-	607
	-	-	607	(12,599)	(11,992)
Balance as at 31 March 2023 (Audited)	72,151	26,612	9,326	(43,400)	64,689

(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 2023 and accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2023

	Current Year to 30 Jun 2023 RM'000	Preceding Year Corresponding Period to 30 Jun 2022 RM'000
Operating Activities		
Loss before tax	(3,626)	(2,695)
Adjustments for:		
Depreciation of property, plant and equipment	1,081	1,064
Amortisation Expenses	356	466
Property, plant and equipment written off	252	-
Reversal of impairment loss on property, plant and equipment	(250)	-
Interest income	(61)	(36)
Interest expenses	106	92
Unrealised loss on foreign exchange	975	1,078
Gain on disposal of property, plant and equipment	-	(9)
Operating loss before working capital changes	<u>(1,167)</u>	<u>(40)</u>
Changes in working capital:		
Inventories	3,211	(3,942)
Receivables	7,933	5,200
Payables	(9,460)	4,613
Cash generated from operations	<u>517</u>	<u>5,831</u>
Tax refund	166	130
Net cash generated from operating activities	<u>683</u>	<u>5,961</u>
Investing Activities		
Interest received	61	36
Interest expenses	(106)	(92)
Dividend from Other Investment	(89)	-
Purchase of property, plant and equipment	(1,780)	(156)
Net cash used in investing activities	<u>(1,914)</u>	<u>(212)</u>
Financing Activities		
Repayment of operating lease commitment	(203)	(6,261)
Repayment of finance lease payables	(45)	(144)
Net cash used in financing activities	<u>(248)</u>	<u>(6,405)</u>
Cash and cash equivalents at beginning of the period	13,919	23,711
Net changes	(1,479)	(656)
Effect of exchange rate changes	(134)	210
Cash and cash equivalents at end of the period	<u>12,306</u>	<u>23,265</u>
Cash and cash equivalents comprise of:		
- Cash and bank balances	3,473	14,592
- Fixed deposits with licensed banks	8,833	8,673
	<u>12,306</u>	<u>23,265</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 2023 and accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE QUARTERLY REPORT–30 JUNE 2023

A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with requirements of paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and complies with requirements of the Malaysian Financial Reporting Standards 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”), Companies Act 2016 in Malaysia.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 March 2023, except for the adoption of the following amendments to Malaysian Financial Reporting Standards (“MFRS”):

MFRS 17	Insurance Contracts
Amendments to:	
MFRS 17	Insurance Contracts
MFRS 17	Initial application of MFRS 17 and MFRS 9 Comparative Information
MFRS 101	Presentation of Financial Statement-Disclosure of Accounting Estimates
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

Amendments to:	
MFRS 16	Lease Liability in a Sale and Leaseback
MFRS 101	Non-current Liabilities with Covenants

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to:	
MFRS10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. Auditors' Report on the preceding Annual Financial Statements

The auditors' report for the immediate preceding annual financial statements of the Group for the financial year ended 31 March 2023 was not subject to any qualification.

3. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors affecting the operations of the Group in the current financial quarter under review and the financial year-to-date.

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 and year-to-date.

5. Material change in estimates

There were no significant changes in estimates which will have a material effect in the current financial quarter under review and the financial year-to-date.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review and the financial year-to-date.

7. Dividend

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

8. 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 30.06.2023 RM'000	Loss before tax Current Year 30.06.2023 RM'000
Malaysia	1,826	(1,678)
Singapore	1	(177)
People's Republic of China	11,408	(1,582)
	13,235	(3,437)
Inter-segment elimination	(24)	(189)
	13,211	(3,626)

9. Valuation of property and equipment

There were no valuation of the property, plant and equipment during the current financial quarter under review.

10. Material Events Subsequent to the End of the Quarter

There were no material events subsequent to the end of the current financial quarter under review.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review and the financial year-to-date.

12. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities during the current financial quarter under review and the financial year-to-date.

13. Capital Commitments

The Group have made commitments for the following capital expenditures:

	2023	2022
	RM	RM
Investment properties		
Contracted but not provided for	<u>731,864</u>	<u>731,864</u>

14. Significant Related Party Disclosures

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

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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)
	30.06.2023	30.06.2022		30.06.2023	30.06.2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,211	23,675	(10,464)	13,211	23,675	(10,464)
Operating Profit	94	299	(205)	94	299	(205)
Loss Before Interest and Tax	(3,520)	(2,603)	(917)	(3,520)	(2,603)	(917)
Loss Before Tax	(3,626)	(2,695)	(931)	(3,626)	(2,695)	(931)
Loss After Tax	(3,632)	(2,695)	(937)	(3,632)	(2,695)	(937)
Loss Attributable to Ordinary Equity Holder of the Company	(3,632)	(2,695)	(937)	(3,632)	(2,695)	(937)

Review of Group's Results for the current quarter and Period-to-date ended 30 Jun 2023

The Group recorded a total revenue of RM13.211 million for the quarter ended 30 Jun 2023. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM3.626 million and RM3.632 million respectively for the period.

The Group's revenue of RM13.211 million for the period to date 30 Jun 2023 represents a decrease of approximately 44.20% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM3.626 million and RM3.632 million respectively for the period to date 30 Jun 2023 as compared to LBT and LAT of RM2.695 million respectively for the preceding year to date 30 Jun 2022.

The Group had recorded decreases in revenue for the period to date compared to preceding year corresponding period. The reduction of revenue for the period to date is lower orders from customers due to the global market condition. The losses are mainly due to higher depreciation of RM1.081 million as well as unrealised loss on foreign exchange of RM0.975 million for the period to date.

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2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Changes (Amount) RM'000
Revenue	13,211	12,052	1,159
Operating Profit/(Loss)	94	1,423	(1,329)
Loss Before Interest and Tax	(3,520)	(6,231)	2,711
Loss Before Tax	(3,626)	(6,296)	2,670
Loss After tax	(3,632)	(6,349)	2,717
Loss Attributable to the Owners of the Company	(3,632)	(6,349)	2,717

The Group recorded an increase of approximately 9.617% in its revenue of RM13.211 million for the quarter ended 30 Jun 2023 against RM12.052 million for the immediate preceding quarter ended 31 Mar 2023. The increase of revenue in the current quarter is increase orders from China's customers. The Group recorded LBT and LAT of RM3.626 million and RM3.632 million respectively for the current quarter ended 30 Jun 2023, as compared to LBT and LAT of RM6.296 million and RM6.349 million respectively in the immediate preceding quarter ended 31 Mar 2023. A lower loss in current quarter was mainly due to lower of non-operating cost such as impairment loss of plant and machinery.

3. Current year prospects

There is a slight slowing down on customers' demand generally starting from current quarter. However, we are expecting the Order to be coming back in an uptrend starting from end of 2nd Quarter. The Group will monitor closely on the market movement and made internal operating adjustment accordingly.

4. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any public documents.

5. Taxation

	Current Quarter		Cumulative Quarter	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	6	0	6	0

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6. 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 30 Jun 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 30 Jun 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

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7. Trade Receivable

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

	As at current quarter ended 30 Jun 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	3,562	6,231	2,244	96	12,133

8. 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	414
<u>Short Term Borrowings</u>	
Hire Purchase Payable/Term Bills	5,773
Total	<u><u>6,187</u></u>

9. Material Litigation

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

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10. Losses Per Share

(a) Basic Loss 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 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year To Date 30.06.2023	Preceding Year To Date 30.06.2022
Loss after tax (RM'000)	(3,632)	(2,695)	(3,632)	(2,695)
Weighted average number of ordinary shares in issue ('000)	560,549	560,549	560,549	560,549
Basic loss per share (sen)	<u>(0.65)</u>	<u>(0.48)</u>	<u>(0.65)</u>	<u>(0.48)</u>

(b) Diluted Loss 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 30 Jun 2023.

	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year To Date 30.06.2023	Preceding Year To Date 30.06.2022
Loss after tax (RM'000)	<u>(3,632)</u>	<u>(2,695)</u>	<u>(3,632)</u>	<u>(2,695)</u>
Weighted average number of ordinary shares in issue ('000)	560,549	560,549	560,549	560,549
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>713,056</u>
Diluted Loss per share (sen)	<u>(0.51)</u>	<u>(0.38)</u>	<u>(0.51)</u>	<u>(0.38)</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 30.06.2023 RM'000	Current Year To Date 30.06.2023 RM'000
Depreciation of equipment	1,081	1,081
Interest income	(61)	(61)
Foreign exchange loss -Unrealised	975	975
Interest expenses	106	106
Amortisation expenses	356	356
Property, plant and equipment written off	252	252
Reversal of impairment loss on property, plant and equipment	(250)	(250)