

PNE PCB Berhad

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

Financial Report (Announcement) 31 December 2023

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(Incorporated In Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2023**

	(Unaudited)	(Audited)
	As at 31 Dec 2023 RM'000	As at 31 Mar 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,041	28,317
Intangible Asset	5,701	7,005
Total non-current assets	<u>50,742</u>	<u>35,322</u>
Current assets		
Inventories	8,561	13,362
Trade receivables	12,821	13,803
Other receivables	3,535	5,359
Tax recoverable	-	172
Cash and cash equivalents	11,177	13,919
Other Investment	7,077	10,087
Total current assets	<u>43,171</u>	<u>56,702</u>
TOTAL ASSETS	<u>93,913</u>	<u>92,024</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	72,165	72,151
Warrant Reserves	2,412	26,612
Reserves	(17,840)	(34,074)
Total equity	<u>56,737</u>	<u>64,689</u>
LIABILITIES		
Non-Current liability		
Lease	14,017	264
Borrowings	-	344
Total non-current liability	<u>14,017</u>	<u>608</u>
Current liabilities		
Trade payables	14,196	15,932
Other payables	4,027	4,967
Lease	2,432	2,278
Tax payable	-	1
Borrowings	2,504	3,549
Total current liabilities	<u>23,159</u>	<u>26,727</u>
TOTAL LIABILITIES	<u>37,176</u>	<u>27,335</u>
TOTAL EQUITY AND LIABILITIES	<u>93,913</u>	<u>92,024</u>
Net assets per share (RM)	0.10	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 31 DEC 2023

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Quarter 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter 31 Dec 2022 RM'000	Current Year to date 31 Dec 2023 RM'000	Preceding Year Corresponding Period 31 Dec 2022 RM'000
Revenue	13,724	19,045	43,965	69,526
Cost of sales	(13,699)	(18,210)	(43,768)	(66,941)
Gross Profit	25	835	197	2,585
Other income	473	885	2,608	2,919
Distribution expenses	(534)	(643)	(1,488)	(2,067)
Administration expenses	(2,539)	(2,130)	(9,154)	(9,674)
Loss before tax	(2,575)	(1,053)	(7,837)	(6,237)
Tax expenses	(24)	(13)	(32)	(13)
Loss for the financial period	(2,599)	(1,066)	(7,869)	(6,250)
Other comprehensive expenses, net of tax				
- Foreign currencies translation	(303)	(680)	(97)	953
Total comprehensive expenses for the financial period	(2,902)	(1,746)	(7,966)	(5,297)
Loss per share (sen)				
- Basic	(0.46)	(0.19)	(1.40)	(1.11)
- Diluted	(0.44)	(0.15)	(1.32)	(0.88)

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 31 DEC 2023**

	← Attributable to the owners of the Company →				Total equity RM'000
	Share Capital RM'000	Warrants Reserves RM'000	Exchange fluctuation reserve RM'000	Accumulated Loss RM'000	
Balance as at 1 April 2023	72,151	26,612	9,326	(43,400)	64,689
Loss for the financial period	-	-	-	(7,869)	(7,869)
Other comprehensive expenses for the financial period, net of tax:					
- Exchange differences on translation of the financial statements of foreign subsidiaries	-	-	(97)	-	(97)
	-	-	(97)	(7,869)	(7,966)
Conversion of warrants	14	(4)	-	4	14
Reversal of Expired Warrants	-	(24,196)	-	24,196	-
Balance as at 31 Dec 2023 (Unaudited)	72,165	2,412	9,229	(27,069)	56,737

(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 31 DEC 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 31 DEC 2023

	Current Year to 31 Dec 2023 RM'000	Preceding Year Corresponding Period to 31 Dec 2022 RM'000
Operating Activities		
Loss before tax	(7,837)	(6,237)
Adjustments for:		
Depreciation of property, plant and equipment	3,139	2,538
Amortisation Expenses	1,066	1,390
Property, plant and equipment written off	253	-
Reversal of impairment loss on property, plant and equipment	(250)	-
Interest income	(155)	(198)
Interest expenses	269	249
Unrealised loss on foreign exchange	873	1,779
Gain on disposal of property, plant and equipment	-	(9)
Operating loss before working capital changes	<u>(2,642)</u>	<u>(488)</u>
Changes in working capital:		
Inventories	4,801	(1,969)
Receivables	7,966	17,224
Payables	(5,480)	(13,143)
Cash generated from operations	<u>4,645</u>	<u>1,624</u>
Tax refund	140	117
Net cash generated from operating activities	<u>4,785</u>	<u>1,741</u>
Investing Activities		
Interest received	154	198
Interest expenses	(269)	(249)
Dividend from Other Investment	(219)	-
Purchase of property, plant and equipment	(3,943)	(344)
Net cash used in investing activities	<u>(4,277)</u>	<u>(395)</u>
Financing Activities		
Repayment of operating lease commitment	(2,882)	(2,527)
Repayment of finance lease payables	(134)	(548)
Issuance of share capital	14	-
Net cash used in financing activities	<u>(3,002)</u>	<u>(3,075)</u>
Cash and cash equivalents at beginning of the period	13,919	23,711
Net changes	(2,494)	(1,729)
Effect of exchange rate changes	(248)	1,805
Cash and cash equivalents at end of the period	<u>11,177</u>	<u>23,787</u>
Cash and cash equivalents comprise of:		
- Cash and bank balances	3,444	5,360
- Fixed deposits with licensed banks	7,733	18,427
	<u>11,177</u>	<u>23,787</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–31 DEC 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 on the latest audited financial statements 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 except for conversion of 22,666 warrants at RM0.60 dated 29 November 2023. There was a reversal of 118,028,776 warrants under Warrant B dated 29 Nov 2023 which have expired.

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 31.12.2023 RM'000	Loss before tax Current Year 31.12.2023 RM'000
Malaysia	5,454	(4,635)
Singapore	1	36
People's Republic of China	38,560	(2,879)
	44,015	(7,478)
Inter-segment elimination	(50)	(359)
	43,965	(7,837)

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.

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)
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,724	19,045	(5,321)	43,965	69,526	(25,561)
Operating Profit	25	835	(810)	197	2,585	(2,388)
Loss Before Interest and Tax	(2,501)	(976)	(1,525)	(7,568)	(5,988)	(1,580)
Loss Before Tax	(2,575)	(1,053)	(1,522)	(7,837)	(6,237)	(1,600)
Loss After Tax	(2,599)	(1,066)	(1,533)	(7,869)	(6,250)	(1,619)
Loss Attributable to Ordinary Equity Holder of the Company	(2,599)	(1,066)	(1,533)	(7,869)	(6,250)	(1,619)

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

The Group recorded a total revenue of RM13.724 million for the quarter ended 31 Dec 2023. The Group's loss before tax ("LBT") and loss after tax ("LAT") for the quarter were RM2.575 million and RM2.599 million respectively for the period.

The Group's revenue of RM43.965 million for the period to date 31 Dec 2023 represents a decrease of approximately 36.76% as compared to the preceding corresponding period. The Group recorded LBT and LAT of RM7.837 million and RM7.869 million respectively for the period to date 31 Dec 2023 as compared to LBT and LAT of RM6.237 million and RM6.250 million respectively for the preceding year to date 31 Dec 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 due to lower orders from customers due to the global market condition. The losses are mainly due to higher depreciation of RM3.139 million as well as unrealised loss on foreign exchange of RM0.873 million for the period to date.

2. Financial review for Current Quarter and Immediate Preceding Quarter

	Current Period Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes (Amount) RM'000
Revenue	13,724	17,031	(3,307)
Operating Profit	25	79	(54)
Loss Before Interest and Tax	(2,501)	(1,546)	(955)
Loss Before Tax	(2,575)	(1,635)	(940)
Loss After tax	(2,599)	(1,638)	(961)
Loss Attributable to the Owners of the Company	(2,599)	(1,638)	(961)

The Group recorded a decrease of approximately 19.41% in its revenue of RM13.724 million for the quarter ended 31 Dec 2023 against RM17.031 million for the immediate preceding quarter ended 30 Sep 2023. The decrease of revenue in the current quarter is due to decreased orders from Malaysia and China's customers. The Group recorded LBT and LAT of RM2.575 million and RM2.599 million respectively for the current quarter ended 31 Dec 2023, as compared to LBT and LAT of RM1.635 million and RM1.638 million respectively in the immediate preceding quarter ended 30 Sep 2023. A higher loss in the current quarter was mainly due to a decrease of revenue.

3. Current year prospects

The Group is expecting a similar level of revenue or lower in the next quarter due to long Chinese New holiday in China. 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	<u>24</u>	<u>13</u>	<u>32</u>	<u>13</u>

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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 31 Dec 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 Dec 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 36 months	10,500	0	10,500
(ii) Estimated expenses for the Private Placement 30%	Immediate	430	430	0
Total		10,930	430	10,500

On 1 November 2023, the Board approved an extension of timeframe for the utilisation of proceeds for another 12 months to 02 November 2024 for the capital expenditure for the gloves business.

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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 31 Dec 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	5,896	5,804	1,048	73	12,821

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/Lease	14,017
<u>Short Term Borrowings</u>	
Hire Purchase Payable/Lease	4,936
Total	<u>18,953</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 31.12.2023	Preceding Year Corresponding Quarter 31.12.2022	Current Year To Date 31.12.2023	Preceding Year To Date 31.12.2022
Loss after tax (RM'000)	(2,599)	(1,066)	(7,869)	(6,250)
Weighted average number of ordinary shares in issue ('000)	560,564	560,549	560,554	560,549
Basic loss per share (sen)	(0.46)	(0.19)	(1.40)	(1.11)

(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 31 Dec 2023.

	Current Year Quarter 31.12.2023	Preceding Year Corresponding Quarter 31.12.2022	Current Year To Date 31.12.2023	Preceding Year To Date 31.12.2022
Loss after tax (RM'000)	(2,599)	(1,066)	(7,869)	(6,250)
Weighted average number of ordinary shares in issue ('000)	560,564	560,549	560,554	560,549
Effect of dilution after conversion of all outstanding Warrants ('000)	34,455	152,507	34,455	152,507
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	595,019	713,056	595,009	713,056
Diluted Loss per share (sen)	(0.44)	(0.15)	(1.32)	(0.88)

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 31.12.2023 RM'000	Current Year To Date 31.12.2023 RM'000
Depreciation of equipment	1,033	3,139
Interest income	(38)	(155)
Foreign exchange (gain)/loss -Unrealised	(207)	873
Interest expenses	74	269
Amortisation expenses	358	1,066
Property, plant and equipment written off	0	253
Reversal of impairment loss on property, plant and equipment	0	(250)