

PNE PCB Berhad

(Company No. 168098-V)
(Incorporated in Malaysia)

**Interim Financial Report (Announcement)
30 September 2005**

PNE PCB Berhad

(Company No. 168098-V)
(Incorporated in Malaysia)

Condensed consolidated balance sheet at 30 September 2005

	Note	30.09.2005 RM'000	30.9.2004 RM'000
Property, plant and equipment	2	48,912	55,153
Investments in quoted shares		899	1,311
		<u>49,811</u>	<u>56,464</u>
Current assets			
Inventories		12,511	12,913
Trade and other receivables		24,661	20,635
Tax recoverable		75	215
Cash and cash equivalents		13,961	11,322
		<u>51,208</u>	<u>45,085</u>
Current liabilities			
Trade and other payables		26,465	23,072
Hire purchase creditors		841	785
Taxation		45	45
		<u>27,351</u>	<u>23,902</u>
Net current assets		<u>23,857</u>	<u>21,183</u>
		<u>73,668</u>	<u>77,647</u>
Financed by:-			
Capital and reserves			
Share capital		65,749	65,749
Reserves		7,553	10,691
		<u>73,302</u>	<u>76,440</u>
Long term liabilities			
Hire purchase creditors		366	1,207
		<u>73,668</u>	<u>77,647</u>

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the year ended 30 September 2004.

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Condensed consolidated income statement for the year ended 30 September 2005

	Individual 3 months ended 30 September		Cumulative 12 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	28,059	18,669	76,157	78,982
Cost of sales	<u>(24,464)</u>	<u>(18,059)</u>	<u>(68,916)</u>	<u>(73,850)</u>
Gross profit/(loss)	3,595	610	7,241	5,132
Operating expenses	<u>(3,018)</u>	<u>(2,310)</u>	<u>(11,844)</u>	<u>(10,529)</u>
Operating profit/(loss)	577	(1,700)	(4,603)	(5,397)
Interest expense	(21)	(57)	(109)	(93)
Interest income	<u>59</u>	<u>41</u>	<u>201</u>	<u>176</u>
Profit/(loss) before tax	615	(1,716)	(4,511)	(5,314)
Tax income	<u>49</u>	<u>--</u>	<u>1,385</u>	<u>--</u>
Net profit/(loss) for the year	<u>664</u>	<u>(1,716)</u>	<u>(3,126)</u>	<u>(5,314)</u>
Basic profit/(loss) per ordinary share (sen)	<u>1.01</u>	<u>(2.61)</u>	<u>(4.75)</u>	<u>(8.08)</u>

The condensed consolidated income statement should be read in conjunction with the annual financial report for the year ended 30 September 2004.

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Condensed consolidated statement of changes in equity for the year ended 30 September 2005

	Share capital RM'000	Non- Distributable RM'000	<i>Distributable</i> Retained Profits RM'000	Total RM'000
<i>At 1 October 2003</i>	65,749	4,558	11,581	81,888
<i>Net loss not recognised in the income statements</i>				
- Exchange fluctuation on translation of foreign subsidiaries	--	(134)	--	(134)
Net loss for the twelve months period	<u>--</u>	<u>--</u>	<u>(5,314)</u>	<u>(5,314)</u>
<i>At 30 September 2004</i>	<u>65,749</u>	<u>4,424</u>	<u>6,267</u>	<u>76,440</u>
<i>At 1 October 2004</i>	65,749	4,424	6,267	76,440
<i>Net loss not recognised in the income statements</i>				
- Exchange fluctuation on translation of foreign subsidiaries	--	(12)	--	(12)
Net loss for the twelve months period	<u>--</u>	<u>--</u>	<u>(3,126)</u>	<u>(3,126)</u>
<i>At 30 September 2005</i>	<u>65,749</u>	<u>4,412</u>	<u>3,141</u>	<u>73,302</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial report for the year ended 30 September 2004.

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Condensed consolidated cash flow statement for the year ended 30 September 2005

	12 months ended	
	30 September	
	2005	2004
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(4,511)	(5,314)
Adjustments for non-cash flow:		
Non-cash items	7,470	7,007
Non-operating items	67	35
Operating profit/(loss) before changes in working capital	3,026	1,728
Changes in working capital:		
Net change in current assets	(3,925)	3,662
Net change in current liabilities	3,378	(10,575)
Tax refunded	1,535	--
Net cash (used in)/generated from operating activities	<u>4,014</u>	<u>(5,185)</u>
Cash flows from investing activities		
Equity investments	215	1,783
Other investments	(684)	(69)
Net cash generated from/(used in) investing activities	<u>(469)</u>	<u>1,714</u>
Cash flows from financing activity		
Borrowings/ Net cash generated from/(used in) financing activity	<u>(894)</u>	<u>(526)</u>
Exchange differences on translation of the financial statements of foreign operations	<u>(11)</u>	<u>(42)</u>
Net increase/(decrease) in cash and cash equivalents	2,640	(4,039)
Cash and cash equivalents at beginning of period	11,322	15,452
Foreign exchange differences on opening balances	<u>(1)</u>	<u>(91)</u>
Cash and cash equivalents at end of period	<u><u>13,961</u></u>	<u><u>11,322</u></u>
Cash and cash equivalents comprises:		
Cash and bank balances	5,511	6,722
Fixed deposits with licensed banks	<u>8,450</u>	<u>4,600</u>
	<u><u>13,961</u></u>	<u><u>11,322</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the year ended 30 September 2004.

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Notes to the interim financial report

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134₂₀₀₄, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 September 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 September 2004.

The following notes explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2004.

2. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

3. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter.

4. Dividends

There is no dividends paid for the current period under review.

5. Seasonal or cyclical factors

The Group is dependant upon the demand from the electronic sector, which in turn is influenced by the worldwide economy. On a quarterly basis, the results can be affected by the year-end festive season.

6. 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 12 months ended 30 September		Loss before tax 12 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysia	37,747	53,863	(15,242)	(5,228)
Singapore	46,554	53,077	847	(2,119)
People's Republic of China	41,785	31,571	4,852	3,408
	<u>126,086</u>	<u>138,511</u>	<u>(9,543)</u>	<u>(3,939)</u>
Inter-segment elimination	<u>(49,929)</u>	<u>(59,529)</u>	<u>4,940</u>	<u>(1,458)</u>
	<u>76,157</u>	<u>78,982</u>	<u>(4,603)</u>	<u>(5,397)</u>
Interest expense			(109)	(93)
Interest income			201	176
			<u>(4,511)</u>	<u>(5,314)</u>

7. Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets since the last annual balance sheet date.

8. Debt and equity securities

There were no other issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

9. Related parties

	12 months ended	
	30.09.2005	30.09.2004
	RM'000	RM'000
<i>Companies in which Mr. Tan Kong Heng, Mr. Tan Kong Guan, Mr. Tan Kwong Soon and Mr. Tan Kong Sin have interest</i>		
Sales of tooling to PNE Electric Sdn. Bhd.	151	62
Sales to PNE Electric Sdn. Bhd.	902	386
Sales to PNE Appliance Controls Pte. Ltd.	–	689
Sales to PNE Electronic Technology (Shenzhen) Co. Ltd	1,479	1,058
	<u>2,532</u>	<u>2,195</u>
<i>Companies in which Mr. Tan Kong Heng, Mr. Tan Kwong Soon and Mr. Tan Kong Sin have interest</i>		
Purchases of toolings from PNE Precision Sdn. Bhd.	<u>1,032</u>	<u>948</u>
Rental payable to:-		
- PNE Electronics Sdn. Bhd.	171	432
- Print N Etch Pte. Ltd.	46	268
	<u>217</u>	<u>700</u>
Remuneration paid to staff who are close family members of certain Directors, Mr. Tan Kong Heng, Mr. Tan Kong Guan, Mr. Tan Kwong Soon and Mr. Tan Kong Sin	<u>412</u>	<u>395</u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

10. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period under review.

11. Audit qualification

The audit report of the Group and of the Company for the preceding annual financial statements was not subject to any audit qualification.

12. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter-to-date.

13. Material changes in estimates

There are no material changes in estimates for the current quarter to-date.

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**Interim Financial Report
30 September 2005**

Additional information required by the
Bursa Malaysia Securities Berhad's Listing Requirements

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Additional information required by the Bursa Malaysia's Listing Requirements

1. Review of performance

The Group's profit before taxation for the fourth quarter is RM0.6 million has improved by RM2.3 millions as compared to corresponding previous period. The twelve months loss before tax ended 30 September 2005 has also reduced by RM0.8 million as compared to the previous financial year-end. This is mainly due to the contribution from the Group's operation in China which has significant improved the Group's revenue & contribution margin.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM0.6 million as compared to profit before tax RM13,000 in the previous quarter. The reason for the improve in profit was mainly due to higher revenue generated in current quarter as a result of higher demand from customers

3. Current year prospects

The results for the year ending 30 September 2006 is still very much dependant on the global consumer electronic industry.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	3 months ended 30 September		12 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax				
Malaysian tax				
- Over provision in prior period/years	(49)	--	(1,385)	--
	<hr/>	<hr/>	<hr/>	<hr/>

6. Unquoted investments and properties

There were no profits on sale of unquoted investments or properties as there were no disposals of unquoted investments or properties during the period under review.

7. Quoted investments

	3 months ended 30 September		12 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Purchase of quoted securities	--	--	--	67
Disposal of quoted securities				
Sales proceeds	65	--	186	1,807
Cost of investments	(117)	--	(210)	(1,007)
Gain/(loss) on disposal	(52)	--	(24)	800

Investment in quoted securities as at 30 September 2005:

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	2,370	899	903

8. Status of corporate proposal announced

There were no corporate proposal announced nor were there any corporate proposal not completed as at the date of this quarterly report.

9. Borrowing and debt securities

	30.09.2005 RM'000	30.09.2004 RM'000
<i>Current</i>		
Hire purchase (secured)	841	785
<i>Non-current</i>		
Hire purchase (secured)	366	1,207

10. Off balance sheet financial instruments

During the financial period, the Group did not enter into any contracts involving off balance sheet financial instruments.

11. Changes in material litigation

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

12. Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year.

13. Basic profit/(loss) per share

The calculation of basic earnings per share for the current quarter and the 12 months ended 30 September 2005 attributable to ordinary shareholders is based on the net profit of RM664,000 and net loss of RM3,126,000 respectively and the weighted average number of ordinary shares of 65,748,500.