

PNE PCB Berhad

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

**Interim Financial Report (Announcement)
30 June 2006**

PNE PCB Berhad

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

Condensed consolidated balance sheet at 30 June 2006

| | Note | 30.06.2006 RM'000 | 30.9.2005 RM'000 |
|--------------------------------------|------|----------------------|---------------------|
| Property, plant and equipment | 2 | 44,647 | 48,912 |
| Investments in quoted shares | | 899 | 899 |
| | | <u>45,546</u> | <u>49,811</u> |
| Current assets | | | |
| Inventories | | 16,269 | 12,511 |
| Trade and other receivables | | 18,695 | 24,661 |
| Tax recoverable | | 75 | 75 |
| Cash and cash equivalents | | 11,887 | 13,961 |
| | | <u>46,926</u> | <u>51,208</u> |
| Current liabilities | | | |
| Trade and other payables | | 23,165 | 26,465 |
| Hire purchase creditors | | 595 | 841 |
| Taxation | | 45 | 45 |
| | | <u>23,805</u> | <u>27,351</u> |
| Net current assets | | <u>23,121</u> | <u>23,857</u> |
| | | <u>68,667</u> | <u>73,668</u> |
| Financed by:- | | | |
| Capital and reserves | | | |
| Share capital | | 65,749 | 65,749 |
| Reserves | | 2,918 | 7,553 |
| | | <u>68,667</u> | <u>73,302</u> |
| Long term liabilities | | | |
| Hire purchase creditors | | -- | 366 |
| | | <u>68,667</u> | <u>73,668</u> |

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the year ended 30 September 2005.

PNE PCB Berhad

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

Condensed consolidated income statement for the period ended 30 June 2006

| | Individual 3 months ended 30 June | | Cumulative 9 months ended 30 June | |
|---|---|-----------------|---|-----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Revenue | 18,733 | 18,124 | 55,522 | 48,098 |
| Cost of sales | <u>(17,136)</u> | <u>(15,211)</u> | <u>(52,132)</u> | <u>(44,452)</u> |
| Gross profit/(loss) | 1,597 | 2,913 | 3,390 | 3,646 |
| Operating expenses | <u>(2,225)</u> | <u>(2,929)</u> | <u>(7,305)</u> | <u>(8,826)</u> |
| Operating profit/(loss) | (628) | (16) | (3,915) | (5,180) |
| Interest expense | (56) | (24) | (89) | (88) |
| Interest income | <u>98</u> | <u>53</u> | <u>215</u> | <u>142</u> |
| Profit/(loss) before tax | (586) | 13 | (3,789) | (5,126) |
| Tax income | <u>-</u> | <u>--</u> | <u>-</u> | <u>1,336</u> |
| Net profit/(loss) for the year | <u>(586)</u> | <u>13</u> | <u>(3,789)</u> | <u>(3,790)</u> |
| Basic profit/(loss) per ordinary share (sen) | <u>(0.89)</u> | <u>0.02</u> | <u>(5.76)</u> | <u>(5.76)</u> |

The condensed consolidated income statement should be read in conjunction with the annual financial report for the year ended 30 September 2005.

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Condensed consolidated statement of changes in equity for the period ended 30 June 2006

| | Share capital RM'000 | Non- Distributable RM'000 | Distributable Retained Profits RM'000 | Total RM'000 |
|---|----------------------------|---------------------------------|--|-----------------|
| <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 | -- | 458 | -- | 458 |
| Net loss for the nine months period | -- | -- | (3,790) | (3,790) |
| <i>At 30 June 2005</i> | <u>65,749</u> | <u>4,882</u> | <u>2,477</u> | <u>73,108</u> |
| <i>At 1 October 2005</i> | 65,749 | 4,412 | 3,141 | 73,302 |
| <i>Net loss not recognised in the income statements</i> | | | | |
| - Exchange fluctuation on translation of foreign subsidiaries | -- | (846) | -- | (846) |
| Net loss for the nine months period | -- | -- | (3,789) | (3,789) |
| <i>At 30 June 2006</i> | <u>65,749</u> | <u>3,566</u> | <u>(648)</u> | <u>68,667</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 2005.

PNE PCB Berhad

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Condensed consolidated cash flow statement for the period ended 30 June 2006

| | 9 months ended 30 June | |
|--|---------------------------|----------------|
| | 2006 RM'000 | 2005 RM'000 |
| Cash flows from operating activities | | |
| Loss before tax | (3,789) | (5,126) |
| Adjustments for non-cash flow: | | |
| Non-cash items | 4,839 | 5,093 |
| Non-operating items | (82) | 73 |
| Operating profit/(loss) before changes in working capital | 968 | 40 |
| Changes in working capital: | | |
| Net change in current assets | 2,207 | 3,782 |
| Net change in current liabilities | (3,298) | (1,233) |
| Tax refunded | - | 1,550 |
| Net cash (used in)/generated from operating activities | <u>(123)</u> | <u>4,139</u> |
| Cash flows from investing activities | | |
| Equity investments | 8 | 99 |
| Other investments | (411) | (175) |
| Net cash generated from/(used in) investing activities | <u>(403)</u> | <u>(76)</u> |
| Cash flows from financing activity | | |
| Borrowings/ Net cash generated from/(used in) financing activity | (702) | (660) |
| Exchange differences on translation of the financial statements of foreign operations | (801) | 400 |
| Net increase/(decrease) in cash and cash equivalents | (2,029) | 3,803 |
| Cash and cash equivalents at beginning of period | 13,961 | 11,322 |
| Foreign exchange differences on opening balances | (45) | 58 |
| Cash and cash equivalents at end of period | <u>11,887</u> | <u>15,183</u> |
| Cash and cash equivalents comprises: | | |
| Cash and bank balances | 7,077 | 7,133 |
| Fixed deposits with licensed banks | 4,810 | 8,050 |
| | <u>11,887</u> | <u>15,183</u> |

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the year ended 30 September 2005.

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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 MASB 26, 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 2005.

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 2005.

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 2005.

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 dividend paid for the current period under review.

5. Seasonal or cyclical factors

The Group's operations cycle is highly dependent on its customers' business cycle trend. The Group's turnover is normally higher in the third to the fourth quarter of the financial year.

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 9 months ended 30 June | | Loss before tax 9 months ended 30 June | |
|----------------------------|--------------------------------------|-----------------|--|----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Malaysia | 29,087 | 25,730 | (4,478) | (8,008) |
| Singapore | 25,719 | 29,855 | 301 | 659 |
| People's Republic of China | 28,074 | 27,487 | 1,080 | 2,187 |
| | <u>82,880</u> | <u>83,072</u> | <u>(3,097)</u> | <u>(5,162)</u> |
| Inter-segment elimination | <u>(27,358)</u> | <u>(34,974)</u> | <u>(818)</u> | <u>(18)</u> |
| | <u>55,522</u> | <u>48,098</u> | <u>(3,915)</u> | <u>(5,180)</u> |
| Interest expense | | | (89) | (88) |
| Interest income | | | 215 | 142 |
| | | | <u>(3,789)</u> | <u>(5,126)</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

| | 9 months ended | |
|---|----------------|--------------|
| | 30.06.2006 | 30.06.2005 |
| | 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 substantial financial interest</i> | | |
| Sales of tooling to PNE Electric Sdn. Bhd. | 130 | 118 |
| Sales to PNE Electric Sdn. Bhd. | 650 | 623 |
| Sales to PNE Appliance Controls Pte. Ltd. | – | – |
| Sales to PNE Electronic Technology (Shenzhen) Co. Ltd | 1,359 | 936 |
| | <u>2,139</u> | <u>1,677</u> |
| Purchases of toolings from PNE Precision Sdn. Bhd. | <u>773</u> | <u>807</u> |
| Rental payable to:- | | |
| - PNE Electronics Sdn. Bhd. | 129 | 128 |
| - Print N Etch Pte. Ltd. | -- | 46 |
| | <u>129</u> | <u>174</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>325</u> | <u>315</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.

PNE PCB Berhad

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**Interim Financial Report
30 June 2006**

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

PNE PCB Berhad

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Additional information required by the Bursa Malaysia's Listing Requirements

1. Review of performance

The Group's loss before taxation for the third quarter is RM586 thousands as compared to RM13 thousands profit in the corresponding previous period. This is mainly due to higher cost of sales incurred for current quarter resulting in lower margin.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a loss before tax of RM586 thousands has reduced by RM1.1 million as compared to loss before tax of RM1.7 million in the previous quarter. The reason for the reduction of loss was mainly due to higher revenue generated in current quarter as a result of cyclical higher period.

3. Current year prospects

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

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

| | 3 months ended | | 9 months ended | |
|---|----------------|--------|----------------|---------|
| | 30 June | | 30 June | |
| | 2006 | 2005 | 2006 | 2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax | | | | |
| Malaysian tax | | | | |
| - Under/(Over) provision in prior period/years | -- | -- | -- | (1,336) |
| | <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 June | | 9 months ended 30 June | |
|-------------------------------|---------------------------|----------------|---------------------------|----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Purchase of quoted securities | -- | -- | -- | -- |
| Disposal of quoted securities | | | | |
| Sales proceeds | -- | 99 | -- | 121 |
| Cost of investments | -- | (86) | -- | (93) |
| Gain/(loss) on disposal | -- | 13 | -- | 28 |

Investment in quoted securities as at 30 June 2006:

| | Cost RM'000 | Book Value RM'000 | Market Value RM'000 |
|--------------------------|----------------|----------------------|------------------------|
| Total quoted investments | 2,370 | 899 | 908 |

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

| | 30.06.2006 RM'000 | 30.06.2005 RM'000 |
|-------------------------|----------------------|----------------------|
| <i>Current</i> | | |
| Hire purchase (secured) | 594 | 586 |
| <i>Non-current</i> | | |
| Hire purchase (secured) | -- | 833 |

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 loss per shares for the current and financial period to date attributable to ordinary shareholders is based on the net loss of RM3,789,000 and the weighted average number of ordinary shares of 65,748,500.