

PNE PCB Berhad

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

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

PNE PCB Berhad

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

Condensed consolidated balance sheet at 30 September 2006

| | Note | 30.09.2006 RM'000 | 30.9.2005 RM'000 |
|--------------------------------------|------|----------------------|---------------------|
| Property, plant and equipment | 2 | 32,432 | 48,912 |
| Investments in quoted shares | | 899 | 899 |
| | | <u>33,331</u> | <u>49,811</u> |
| Current assets | | | |
| Inventories | | 12,403 | 12,511 |
| Trade and other receivables | | 33,914 | 24,661 |
| Tax recoverable | | 75 | 75 |
| Cash and cash equivalents | | 10,210 | 13,961 |
| | | <u>56,602</u> | <u>51,208</u> |
| Current liabilities | | | |
| Trade and other payables | | 30,349 | 26,465 |
| Hire purchase creditors | | 358 | 841 |
| Overdraft | | 1,028 | -- |
| Taxation | | 47 | 45 |
| | | <u>31,782</u> | <u>27,351</u> |
| Net current assets | | <u>24,820</u> | <u>23,857</u> |
| | | <u>58,151</u> | <u>73,668</u> |
| Financed by:- | | | |
| Capital and reserves | | | |
| Share capital | | 65,749 | 65,749 |
| Reserves | | (7,597) | 7,553 |
| | | <u>58,151</u> | <u>73,302</u> |
| Long term liabilities | | | |
| Hire purchase creditors | | -- | 366 |
| | | <u>58,151</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 year ended 30 September 2006

| | Individual 3 months ended 30 September | | Cumulative 12 months ended 30 September | |
|---|--|-----------------|---|-----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Revenue | 34,641 | 28,059 | 90,163 | 76,157 |
| Cost of sales | <u>(29,293)</u> | <u>(24,464)</u> | <u>(81,425)</u> | <u>(68,916)</u> |
| Gross profit | 5,348 | 3,595 | 8,738 | 7,241 |
| Operating expenses | <u>(16,166)</u> | <u>(3,018)</u> | <u>(23,471)</u> | <u>(11,844)</u> |
| Operating (loss) / profit | (10,818) | 577 | (14,733) | (4,603) |
| Interest expense | (9) | (21) | (98) | (109) |
| Interest income | <u>39</u> | <u>59</u> | <u>254</u> | <u>201</u> |
| (Loss) / profit before tax | (10,788) | 615 | (14,578) | (4,511) |
| Tax (expenses) / income | <u>(5)</u> | <u>49</u> | <u>(5)</u> | <u>1,385</u> |
| Net (loss) / profit for the year | <u>(10,793)</u> | <u>664</u> | <u>(14,583)</u> | <u>(3,126)</u> |
| Basic (loss) / profit per ordinary share (sen) | (16) | 1 | (22) | (5) |

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 year ended 30 September 2006

| | Share capital | Non- Distributable | Distributable Retained Profits / Accumulated Loss | Total |
|--|------------------|-----------------------|---|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>At 1 October 2004</i> | 65,749 | 4,424 | 6,267 | 76,440 |
| <i>Net losses not recognised in the income statement</i> | | | | |
| - Exchange differences on translation of the financial statements of foreign subsidiaries | -- | (12) | -- | (12) |
| Net loss for the twelve months period | -- | -- | (3,126) | (3,126) |
| <i>At 30 September 2005</i> | <u>65,749</u> | <u>4,412</u> | <u>3,141</u> | <u>73,302</u> |
| <i>At 1 October 2005</i> | 65,749 | 4,412 | 3,141 | 73,302 |
| <i>Net losses not recognised in the income statement</i> | | | | |
| - Exchange difference on translation of the financial statements of foreign subsidiaries | -- | (416) | -- | (416) |
| - Deficit on revaluation surplus | -- | (150) | -- | (150) |
| Net loss for the twelve months period | -- | -- | (14,583) | (14,583) |
| <i>At 30 September 2006</i> | <u>65,749</u> | <u>3,845</u> | <u>(11,442)</u> | <u>58,151</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

(Company No. 168098-V)

(Incorporated in Malaysia)

Condensed consolidated cash flow statement for the year ended 30 September 2006

| | 12 months ended 30 September | |
|--|---------------------------------|---------------|
| | 2006 | 2005 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Loss before tax | (14,578) | (4,511) |
| Adjustments for non-cash flow: | | |
| Non-cash items | 17,267 | 7,470 |
| Non-operating items | 418 | 67 |
| | <hr/> | <hr/> |
| Operating profit before changes in working capital | 3,107 | 3,026 |
| Changes in working capital: | | |
| Net change in current assets | (8,891) | (3,925) |
| Net change in current liabilities | 3,287 | 3,378 |
| Tax refunded | - | - |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from operating activities | <u>(2,497)</u> | <u>4,014</u> |
| Cash flows from investing activities | | |
| Equity investments | 19 | 215 |
| Other investments | (1,347) | (684) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | <u>(1,328)</u> | <u>(469)</u> |
| Cash flows from financing activity | | |
| Borrowings/ Net cash used in financing activity | (949) | (894) |
| | <hr/> | <hr/> |
| Exchange differences on translation of the financial statements of foreign operations | 45 | (11) |
| | <hr/> | <hr/> |
| Net (decrease)/ increase in cash and cash equivalents | (4,729) | 2,640 |
| Cash and cash equivalents at beginning of period | 13,961 | 11,322 |
| Foreign exchange differences on opening balances | (50) | (1) |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of period | <u>9,182</u> | <u>13,961</u> |
| Cash and cash equivalents comprises: | | |
| Cash and bank balances | 6,078 | 5,511 |
| Fixed deposits with licensed banks | 4,132 | 8,450 |
| Bank overdraft | (1,028) | -- |
| | <hr/> | <hr/> |
| | <u>9,182</u> | <u>13,961</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 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 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 was no dividend paid for the current quarter under review.

5. Seasonal or cyclical factors

The Group recorded a higher turnover of RM34.6 million for the current quarter as compared with the previous quarter of RM18.7 million. This is due to the cyclical high period from July to September every 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 12 months ended 30 September | | Loss before tax 12 months ended 30 September | |
|----------------------------|--|----------------|--|----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Malaysia | 42,663 | 37,747 | (18,411) | (15,242) |
| Singapore | 37,793 | 46,554 | 679 | 847 |
| People's Republic of China | 47,041 | 41,785 | 3,589 | 4,852 |
| | 127,497 | 126,086 | (14,143) | (9,543) |
| Inter-segment elimination | (37,333) | (49,929) | (591) | 4,941 |
| | <u>90,164</u> | <u>76,157</u> | | |
| Segment result | | | (14,734) | (4,602) |
| Interest expense | | | (98) | (110) |
| Interest income | | | 254 | 201 |
| | | | <u>(14,578)</u> | <u>(4,511)</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 issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

9. Related parties

| | 12 months ended | |
|---|-----------------|--------------|
| | 30.09.2006 | 30.09.2005 |
| | RM'000 | RM'000 |
| <i>Companies in which a major shareholder, PNE Industries Ltd has interest</i> | | |
| Sales of tooling to PNE Electric Sdn. Bhd. | 221 | 151 |
| Sales to PNE Electric Sdn. Bhd. | 1,050 | 902 |
| Sales to PNE Electronic Technology (Shenzhen) Co. Ltd | 2,475 | 1,479 |
| | <u>3,746</u> | <u>2,532</u> |
| <i>Companies in which Mr. Tan Kong Heng, Mr. Tan Kong Guan, Mr. Tan Kwong Soon and Mr. Tan Kong Sin have interests</i> | | |
| Rental payable to:- | | |
| - PNE Electronics Sdn. Bhd. | 171 | 171 |
| - Print N Etch Pte. Ltd. | -- | 46 |
| | <u>171</u> | <u>217</u> |
| <i>Companies in which Mr. Tan Kong Heng, Mr. Tan Kwong Soon, Mr. Tan Kong Sin and Mr. Tan Kong Guan have interests</i> | | |
| Sales to Sino Micron International Ltd. | 430 | -- |
| Purchases of toolings from PNE Precision Sdn. Bhd. | 979 | 1,032 |
| 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 | 341 | 412 |
| Rental income from PNE-Sino Pte. Ltd. | 76 | 125 |

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

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

**Interim Financial Report
30 September 2006**

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

PNE PCB Berhad

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

Additional information required by the Bursa Malaysia's Listing Requirements

1. Review of performance

The Group's recorded an operating profit of RM1.6m in the fourth quarter. However, it is due to RM12.4 million property, plant & equipment written off and impairment provided for the Malaysian factory, therefore give rise to a loss before taxation of RM10.8 million for the current quarter as compared to corresponding previous period of profit before tax of RM0.7 million.

2. Variation of results against preceding quarter

For the quarter under review, the Group's recorded an operating profit of RM1.6 million. However, the Group's reported a loss before taxation of RM10.8 million as a result of RM12.4 million property, plant & equipment written off and impairment provided for the Malaysian factory as compared to loss before tax of RM0.6 million in the preceding quarter.

3. Current year prospects

The results for the year ending 30 September 2007 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 | | 12 months ended | |
|---|----------------|--------|-----------------|---------|
| | 30 September | | 30 September | |
| | 2006 | 2005 | 2006 | 2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax | | | | |
| Malaysian tax | | | | |
| - Under/(Over) provision in prior period/years | (5) | 49 | (5) | (1,385) |

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|----------------------|
| Company No. 168098-V |
|----------------------|

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 | |
|-------------------------------|--------------------------------|----------------|---------------------------------|----------------|
| | 2006 RM'000 | 2005 RM'000 | 2006 RM'000 | 2005 RM'000 |
| Disposal of quoted securities | | | | |
| Sales proceeds | -- | 65 | -- | 186 |
| Cost of investments | -- | (117) | -- | (210) |
| Gain/(loss) on disposal | <u>--</u> | <u>(52)</u> | <u>--</u> | <u>(24)</u> |

Investment in quoted securities as at 30 September 2006:

| | Cost RM'000 | Book Value RM'000 | Market Value RM'000 |
|--------------------------|----------------|----------------------|------------------------|
| Total quoted investments | <u>2,370</u> | <u>899</u> | <u>873</u> |

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

| | 30.09.2006 RM'000 | 30.09.2005 RM'000 |
|----------------------------|----------------------|----------------------|
| <i>Current</i> | | |
| Hire purchase (secured) | 358 | 841 |
| Bank Overdraft (unsecured) | <u>1,028</u> | <u>--</u> |
| | <u>1,386</u> | <u>841</u> |
| <i>Non-current</i> | | |
| Hire purchase (secured) | <u>--</u> | <u>366</u> |

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 loss per share

The calculation of basic loss per shares for the current and financial year to date is based on the net loss attributable to ordinary shareholders of RM10,793,000 and RM14,583,000 respectively and the weighted average number of ordinary shares of 65,748,500.