

PNE PCB Berhad

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

**Interim Financial Report (Announcement)
31 December 2006**

PNE PCB Berhad

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

Condensed consolidated balance sheet at 31 December 2006

	Note	31.12.2006 RM'000	30.9.2006 RM'000
Property, plant and equipment	2	35,416	32,432
Investments in quoted shares		899	899
		<u>36,315</u>	<u>33,331</u>
Current assets			
Inventories		10,947	12,403
Trade and other receivables		30,881	33,914
Tax recoverable		75	75
Cash and cash equivalents		19,284	10,210
		<u>61,187</u>	<u>56,602</u>
Current liabilities			
Trade and other payables		39,495	30,349
Hire purchase creditors		175	358
Overdraft		176	1,028
Taxation		--	47
		<u>39,846</u>	<u>31,782</u>
Net current assets		<u>21,341</u>	<u>24,820</u>
		<u>57,656</u>	<u>58,151</u>
Financed by:-			
Capital and reserves			
Share capital		65,749	65,749
Reserves		(8,093)	(7,598)
		<u>57,656</u>	<u>58,151</u>
Long term liabilities			
Hire purchase creditors		--	--
		<u>57,656</u>	<u>58,151</u>
Net Assets per share of RM1.00 each (RM)		<u>0.88</u>	<u>0.88</u>

The condensed consolidated balance sheet should be read in conjunction with the annual financial report for the year ended 30 September 2006.

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Condensed consolidated income statement for the period ended 31 December 2006

	Individual 3 months ended 31 December		Cumulative 3 months ended 31 December	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	23,132	20,279	23,132	20,279
Cost of sales	<u>(20,136)</u>	<u>(19,179)</u>	<u>(20,136)</u>	<u>(19,179)</u>
Gross profit	2,996	1,100	2,996	1,100
Operating expenses	<u>(2,885)</u>	<u>(2,684)</u>	<u>(2,885)</u>	<u>(2,684)</u>
Operating profit / (loss)	111	(1,584)	111	(1,584)
Interest expense	(43)	(18)	(43)	(18)
Interest income	<u>67</u>	<u>62</u>	<u>67</u>	<u>62</u>
Profit / (loss) before tax	135	(1,540)	135	(1,540)
Tax (expenses) / income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net profit / (loss) for the period	<u>135</u>	<u>(1,540)</u>	<u>135</u>	<u>(1,540)</u>
Basic profit / (loss) per ordinary share (sen)	<u>0.21</u>	<u>(2.34)</u>	<u>0.21</u>	<u>(2.34)</u>

The condensed consolidated income statement should be read in conjunction with the annual financial report for the year ended 30 September 2006.

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Condensed consolidated statement of changes in equity for the period ended 31 December 2006

	Share capital	Non- Distributable	Distributable Retained Profits / Accumulated Loss	Total
	RM'000	RM'000	RM'000	RM'000
<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 differences on translation of the financial statements of foreign subsidiaries	--	229	--	229
Net loss for the three months period	--	--	(1,540)	(1,540)
<i>At 31 December 2005</i>	<u>65,749</u>	<u>4,641</u>	<u>1,601</u>	<u>71,991</u>
<i>At 1 October 2006</i>	65,749	3,845	(11,442)	58,151
<i>Net losses not recognised in the income statement</i>				
- Exchange difference on translation of the financial statements of foreign subsidiaries	--	(481)	--	(481)
- Deficit on revaluation surplus	--	(150)	--	(150)
Net profit for the three months period	--	--	135	135
<i>At 31 December 2006</i>	<u>65,749</u>	<u>3,214</u>	<u>(11,307)</u>	<u>57,656</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 2006.

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Condensed consolidated cash flow statement for the period ended 31 December 2006

	3 months ended 31 December	
	2006 RM'000	2005 RM'000
Cash flows from operating activities		
Profit / (loss) before tax	135	(1,540)
Adjustments for non-cash flow:		
Non-cash items	940	1,683
Non-operating items	(414)	(922)
Operating profit before changes in working capital	661	(779)
Changes in working capital:		
Net change in current assets	4,669	230
Net change in current liabilities	8,965	1,420
Tax refunded	-	-
Net cash (used in)/generated from operating activities	<u>14,295</u>	<u>871</u>
Cash flows from investing activities		
Equity investments	4	3
Other investments	(3,517)	(231)
Net cash used in investing activities	<u>(3,513)</u>	<u>(228)</u>
Cash flows from financing activity		
Borrowings/ Net cash used in financing activity	(225)	(183)
Exchange differences on translation of the financial statements of foreign operations	(542)	195
Net (decrease)/ increase in cash and cash equivalents	10,015	655
Cash and cash equivalents at beginning of period	9,182	13,961
Foreign exchange differences on opening balances	(89)	34
Cash and cash equivalents at end of period	<u>19,108</u>	<u>14,650</u>
Cash and cash equivalents comprises:		
Cash and bank balances	7,851	8,740
Fixed deposits with licensed banks	11,433	5,910
Bank overdraft	(176)	--
	<u>19,108</u>	<u>14,650</u>

The condensed consolidated cash flow statement should be read in conjunction with the annual financial report for the year ended 30 September 2006.

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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 2006.

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 2006.

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 2006.

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 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 3 months ended 31 December		Loss before tax 3 months ended 31 December	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysia	9,428	8,964	(737)	(2,794)
Singapore	5,107	11,226	(139)	515
People's Republic of China	14,372	11,156	1,130	405
	28,907	31,346	254	(1,874)
Inter-segment elimination	(5,775)	(11,067)	(143)	290
	<u>23,132</u>	<u>20,279</u>		
Segment result			111	(1,584)
Interest expense			(43)	(18)
Interest income			67	62
			<u>135</u>	<u>(1,540)</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

	3 months ended	
	31.12.2006	31.12.2005
	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.	110	32
Sales to PNE Electric Sdn. Bhd.	444	224
Sales to PNE Electronic Technology (Shenzhen) Co. Ltd	432	639
	986	895
<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.	43	43
- Print N Etch Pte. Ltd.	--	--
	43	43
<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.	37	--
Purchases of toolings from PNE Precision Sdn. Bhd.	196	232
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	137	131
Rental income from PNE-Sino Pte. Ltd.	3	--

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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31 December 2006

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 first quarter is RM0.1 million which indicates an improvement as compared to corresponding previous period of loss before tax of RM1.5 million. This is mainly due to higher revenue generated in the current quarter resulted in higher gross profit.

2. Variation of results against preceding quarter

For the quarter under review, the Group's recorded a profit before tax of RM0.1 million as compared to loss before taxation of RM10.8 million in the previous quarter. Previous loss incurred is mainly due to the RM12.4 million property, plant & equipment written off and impairment provided for the Malaysian factory in the preceding quarter.

3. Current year prospects

The demand for the electrical and electronic products seems to be on the rise globally. Under this circumstance, there is an opportunity for the Group to increase its productivity & turnover to take advantage of this global increase.

Barring any unforeseen circumstances, the Group is likely to deliver positive results in the year ahead.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	3 months ended 31 December		3 months ended 31 December	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Income tax				
Malaysian tax				
- Under/(Over) provision in prior period/years	--	--	--	--
	_____	_____	_____	_____

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 31 December		3 months ended 31 December	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Disposal of quoted securities				
Sales proceeds	--	--	--	--
Cost of investments	--	--	--	--
Gain/(loss) on disposal	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

Investment in quoted securities as at 31 December 2006:

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	<u>2,370</u>	<u>899</u>	<u>976</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

	31.12.2006 RM'000	31.12.2005 RM'000
<i>Current</i>		
Hire purchase (secured)	175	969
Bank Overdraft (unsecured)	176	--
	<u>351</u>	<u>969</u>
<i>Non-current</i>		
Hire purchase (secured)	<u>--</u>	<u>75</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 profit per share

The calculation of basic profit per shares for the current and financial period to date attributable to ordinary shareholders is based on the net profit of RM135,000 and the weighted average number of ordinary shares of 65,748,500.

14. Capital commitments

There is no capital commitments contracted which is not provided for as at the date of this quarterly report.