

PNE PCB Berhad

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

**Interim Financial Report (Announcement)
31 March 2007**

PNE PCB Berhad

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

Condensed consolidated balance sheet at 31 March 2007

	Note	31.03.2007 RM'000	30.9.2006 RM'000
Property, plant and equipment	2	34,760	32,432
Investments in quoted shares		898	899
		<u>35,658</u>	<u>33,331</u>
Current assets			
Inventories		11,113	12,403
Trade and other receivables		30,404	33,914
Tax recoverable		75	75
Cash and cash equivalents		18,072	10,210
		<u>59,664</u>	<u>56,602</u>
Current liabilities			
Trade and other payables		36,673	30,349
Hire purchase creditors		--	358
Overdraft		252	1,028
Taxation		--	47
		<u>36,925</u>	<u>31,782</u>
Net current assets		<u>22,739</u>	<u>24,820</u>
		<u>58,397</u>	<u>58,151</u>
Financed by:-			
Capital and reserves			
Share capital		65,749	65,749
Reserves		(7,352)	(7,598)
		<u>58,397</u>	<u>58,151</u>
Long term liabilities			
Hire purchase creditors		--	--
		<u>58,397</u>	<u>58,151</u>
Net Assets per share of RM1.00 each (RM)		<u>0.89</u>	<u>0.88</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated income statement for the period ended 31 March 2007

	Individual 3 months ended 31 March		Cumulative 6 months ended 31 March	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	21,777	16,510	44,909	36,789
Cost of sales	(19,203)	(15,817)	(39,339)	(34,996)
Gross profit	2,574	693	5,570	1,793
Operating expenses	(2,555)	(2,397)	(5,440)	(5,081)
Operating profit / (loss)	19	(1,704)	130	(3,288)
Interest expense	(76)	(15)	(119)	(33)
Interest income	111	55	178	117
Profit / (loss) before tax	54	(1,664)	189	(3,204)
Tax (expenses) / income	--	--	--	--
Net profit / (loss) for the period	54	(1,664)	189	(3,204)
Basic profit / (loss) per ordinary share (sen)	0.08	(2.53)	0.29	(4.87)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 September 2006 and the 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 March 2007

	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	--	(389)	--	(389)
Net loss for the six months period	--	--	(3,204)	(3,204)
<i>At 31 March 2006</i>	<u>65,749</u>	<u>4,023</u>	<u>(63)</u>	<u>69,709</u>
<i>At 1 October 2006</i>	65,749	3,845	(11,442)	58,152
<i>Net losses not recognised in the income statement</i>				
- Exchange difference on translation of the financial statements of foreign subsidiaries	--	56	--	56
Net profit for the six months period	--	--	189	189
<i>At 31 March 2007</i>	<u>65,749</u>	<u>3,901</u>	<u>(11,253)</u>	<u>58,397</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated cash flow statement for the period ended 31 March 2007

	6 months ended 31 March	
	2007 RM'000	2006 RM'000
Cash flows from operating activities		
Profit / (loss) before tax	189	(3,203)
Adjustments for non-cash flow:		
Non-cash items	1,823	3,299
Non-operating items	(164)	(379)
Operating profit before changes in working capital	1,848	(283)
Changes in working capital:		
Net change in current assets	4,801	2,553
Net change in current liabilities	6,323	(1,537)
Tax refunded	-	-
Net cash (used in)/generated from operating activities	<u>12,972</u>	<u>733</u>
Cash flows from investing activities		
Equity investments	5	4
Other investments	(3,918)	(249)
Net cash used in investing activities	<u>(3,913)</u>	<u>(245)</u>
Cash flows from financing activity		
Borrowings/ Net cash used in financing activity	(477)	(427)
Exchange differences on translation of the financial statements of foreign operations	319	(426)
Net (decrease)/ increase in cash and cash equivalents	8,901	(365)
Cash and cash equivalents at beginning of period	9,182	13,961
Foreign exchange differences on opening balances	(263)	38
Cash and cash equivalents at end of period	<u>17,820</u>	<u>13,634</u>
Cash and cash equivalents comprises:		
Cash and bank balances	6,764	9,074
Fixed deposits with licensed banks	11,308	4,560
Bank overdraft	(252)	--
	<u>17,820</u>	<u>13,634</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 September 2006 and the accompanying explanatory notes attached to the interim financial statements.

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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 recorded a lower turnover of RM21.8 million for the current quarter as compared to the previous quarter of RM23.1 million. This is mainly due to the cyclical low period from January to March 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 6 months ended 31 March		Profit/(Loss) before tax 6 months ended 31 March	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysia	19,110	18,118	(1,880)	(4,400)
Singapore	10,996	17,463	403	142
People's Republic of China	26,658	19,581	2,051	580
	56,764	55,162	574	(3,678)
Inter-segment elimination	(11,855)	(18,373)	(444)	390
	<u>44,909</u>	<u>36,789</u>		
Segment result			<u>130</u>	<u>(3,288)</u>
Interest expense			(119)	(33)
Interest income			178	117
			<u>189</u>	<u>(3,204)</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

	6 months ended	
	31.03.2007	31.03.2006
	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.	121	48
Sales to PNE Electric Sdn. Bhd.	748	471
Sales to PNE Electronic Technology (Shenzhen) Co. Ltd	669	1,012
	1,538	1,531
<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.	86	86
- Print N Etch Pte. Ltd.	--	--
	86	86
<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.	483	585
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	217	236
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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**Interim Financial Report
31 March 2007**

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 second quarter is RM0.05 million which indicates an improvement as compared to the corresponding previous period of loss before tax of RM1.70 million. This is mainly due to higher revenue generated and improvement of productivity in both the Malaysian and China factories to turn around the Group's profitability.

2. Variation of results against preceding quarter

For the quarter under review, the Group's recorded a profit before tax of RM54 thousand as compared to profit before tax of RM135 thousand in the previous quarter. The reason for the lower profit is mainly due to comparatively low revenue as a result of cyclical low period in the current 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 and 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

	6 months ended 31 March		6 months ended 31 March	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax				
Malaysian tax				
- Under/(Over) provision in prior period/years	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>

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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

	6 months ended 31 March		6 months ended 31 March	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Disposal of quoted securities				
Sales proceeds	1,350	--	1,350	--
Cost of investments	(1,050)	--	(1,050)	--
Gain/(loss) on disposal	<u>300</u>	<u>--</u>	<u>300</u>	<u>--</u>

Investment in quoted securities as at 31 March 2007:

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	<u>2,369</u>	<u>898</u>	<u>1,800</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

	31.03.2007 RM'000	31.03.2006 RM'000
<i>Current</i>		
Hire purchase (secured)	--	813
Bank Overdraft (unsecured)	<u>252</u>	<u>--</u>
	<u>252</u>	<u>813</u>
<i>Non-current</i>		
Hire purchase (secured)	<u>--</u>	<u>--</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 RM54,000 and RM189,000 respectively 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.