

PNE PCB Berhad

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

**Interim Financial Report (Announcement)
30 June 2007**

PNE PCB Berhad

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

Condensed consolidated balance sheet at 30 June 2007

	Note	30.06.2007 RM'000	30.9.2006 RM'000
Property, plant and equipment	2	33,450	32,432
Investments in quoted shares		898	899
		<u>34,348</u>	<u>33,331</u>
Current assets			
Inventories		14,209	12,403
Trade and other receivables		34,379	33,914
Tax recoverable		75	75
Cash and cash equivalents		11,081	10,210
		<u>59,744</u>	<u>56,602</u>
Current liabilities			
Trade and other payables		35,275	30,349
Hire purchase creditors		35	358
Overdraft		182	1,028
Taxation		--	47
		<u>35,492</u>	<u>31,782</u>
Net current assets		<u>24,252</u>	<u>24,820</u>
		<u>58,600</u>	<u>58,151</u>
Financed by:-			
Capital and reserves			
Share capital		65,749	65,749
Reserves		(7,149)	(7,598)
		<u>58,600</u>	<u>58,151</u>
Long term liabilities			
Hire purchase creditors		--	--
		<u>58,600</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 annual financial report for the year ended 30 September 2006.

PNE PCB Berhad

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Condensed consolidated income statement for the period ended 30 June 2007

	Individual 3 months ended 30 June		Cumulative 9 months ended 30 June	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	30,772	18,733	75,681	55,522
Cost of sales	(26,928)	(17,136)	(66,267)	(52,132)
Gross profit	3,844	1,597	9,414	3,390
Operating expenses	(3,478)	(2,225)	(8,918)	(7,305)
Operating profit / (loss)	366	(628)	496	(3,915)
Interest expense	110*	(56)	(9)	(89)
Interest income	75	98	253	215
Profit / (loss) before tax	551	(586)	740	(3,789)
Tax (expenses) / income	--	--	--	--
Net profit / (loss) for the period	551	(586)	740	(3,789)
Basic profit / (loss) per ordinary share (sen)	0.84	(0.89)	1.13	(5.76)

* Adjustment made due to re-classification.

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 30 June 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	--	(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>
<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	--	(292)	--	(292)
Net profit for the nine months period	--	--	740	740
<i>At 30 June 2007</i>	<u>65,749</u>	<u>3,553</u>	<u>(10,702)</u>	<u>58,600</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 30 June 2007

	9 months ended 30 June	
	2007 RM'000	2006 RM'000
Cash flows from operating activities		
Profit / (loss) before tax	740	(3,789)
Adjustments for non-cash flow:		
Non-cash items	2,675	4,839
Non-operating items	184	(82)
Operating profit before changes in working capital	3,599	968
Changes in working capital:		
Net change in current assets	(2,271)	2,207
Net change in current liabilities	4,926	(3,298)
Tax refunded	-	-
Net cash (used in)/generated from operating activities	<u>6,254</u>	<u>(123)</u>
Cash flows from investing activities		
Equity investments	5	8
Other investments	(3,919)	(411)
Net cash used in investing activities	<u>(3,914)</u>	<u>(403)</u>
Cash flows from financing activity		
Borrowings/ Net cash used in financing activity	(331)	(702)
Exchange differences on translation of the financial statements of foreign operations	81	(801)
Net (decrease)/ increase in cash and cash equivalents	2,090	(2,029)
Cash and cash equivalents at beginning of period	9,182	13,961
Foreign exchange differences on opening balances	(373)	(45)
Cash and cash equivalents at end of period	<u>10,899</u>	<u>11,887</u>
Cash and cash equivalents comprises:		
Cash and bank balances	5,073	7,077
Fixed deposits with licensed banks	6,008	4,810
Bank overdraft	(182)	--
	<u>10,899</u>	<u>11,887</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

The Company's wholly owned subsidiary, PNE PCB International Limited has on 30th May 2007 incorporated a wholly owned subsidiary in the People's Republic of China, namely PNE Trading (Dong Guan) Co. Ltd. (PNE Trading) with an initial issued & paid up capital of HK\$3 million.

PNE Trading is set up as the marketing arm of PNE Group for importing and exporting electronics components for its China domestic market.

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 RM30.8 million for the current quarter as compared to the previous quarter of RM21.8 million. This is due to the Group emerging from the cyclical low period in the previous quarter of January 2007 to March 2007.

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysia	34,110	29,087	(2,010)	(4,478)
Singapore	20,386	25,719	858	301
People's Republic of China	43,877	28,074	2,550	1,080
	<u>98,373</u>	<u>82,880</u>	<u>1,398</u>	<u>(3,097)</u>
Inter-segment elimination	<u>(22,692)</u>	<u>(27,358)</u>	<u>(902)</u>	<u>(818)</u>
	<u>75,681</u>	<u>55,522</u>		
Segment result			<u>496</u>	<u>(3,915)</u>
Interest expense			(9)	(89)
Interest income			253	215
			<u>740</u>	<u>(3,789)</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

	9 months ended	
	30.06.2007	30.06.2006
	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.	154	130
Sales to PNE Electric Sdn. Bhd.	1,011	650
Sales to PNE Electronic Technology (Shenzhen) Co. Ltd	1,617	1,359
	<u>2,782</u>	<u>2,139</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.	129	129
- Print N Etch Pte. Ltd.	--	--
	<u>129</u>	<u>129</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.	240	--
Purchases of toolings from PNE Precision Sdn. Bhd.	999	773
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	297	325
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
30 June 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 third quarter is RM551 thousand which indicates an improvement as compared to the corresponding previous period of loss before tax of RM586 thousand. This is mainly due to higher revenue generated & improvement of productivity in both Malaysia & China factories contributed to 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 RM551 thousand as compared to profit before taxation of RM54 thousand in the previous quarter. The reason for the increase 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 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		9 months ended	
	30 June		30 June	
	2007	2006	2007	2006
	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 30 June		9 months ended 30 June	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Disposal of quoted securities				
Sales proceeds	--	--	1,350	--
Cost of investments	--	--	(1,050)	--
Gain/(loss) on disposal	--	--	300	--

Investment in quoted securities as at 30 June 2007:

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	2,369	898	1,778

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

	30.06.2007 RM'000	30.06.2006 RM'000
<i>Current</i>		
Hire purchase (secured)	35	594
Bank Overdraft (unsecured)	182	--
	<u>217</u>	<u>594</u>
<i>Non-current</i>		
Hire purchase (secured)	--	--

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 share for the current period and financial period to date are attributable to ordinary shareholders is based on the net profit of RM551,000 & RM740,000 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.