

PNE PCB Berhad

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

**Interim Financial Report (Announcement)
30 September 2014**

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 30 September 2014

| | | 30.09.2014 | 30.09.2013 |
|--|---|----------------------|----------------------|
| | | RM'000 | RM'000 |
| Assets | | | |
| Property, plant and equipment | 3 | 30,353 | 27,942 |
| Investments in quoted shares | | 1,052 | 860 |
| Total non-current assets | | <u>31,405</u> | <u>28,802</u> |
| Inventories | | 9,373 | 7,445 |
| Trade and other receivables | | 17,929 | 14,721 |
| Tax recoverable | | 37 | 40 |
| Cash and cash equivalents | | 20,105 | 25,462 |
| Total current assets | | <u>47,444</u> | <u>47,668</u> |
| Total assets | | <u><u>78,849</u></u> | <u><u>76,470</u></u> |
| Equity | | | |
| Share capital | | 65,749 | 65,749 |
| Reserves | | (7,346) | (3,904) |
| Total equity attributable to shareholders of the Company/Total equity | | <u>58,403</u> | <u>61,845</u> |
| Liabilities | | | |
| Trade and other payables | | 20,446 | 14,625 |
| Total current liabilities | | <u>20,446</u> | <u>14,625</u> |
| Total liabilities | | <u>20,446</u> | <u>14,625</u> |
| Total equity and liabilities | | <u><u>78,849</u></u> | <u><u>76,470</u></u> |
| Net assets per share of RM1.00 each (RM) | | <u>0.89</u> | <u>0.94</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes attached to the interim financial statements.

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Condensed consolidated statement of comprehensive income For the year ended 30 September 2014

| | Individual 3 months ended 30 September | | Cumulative 12 months ended 30 September | |
|--|--|-----------------|---|-----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 18,275 | 17,726 | 56,921 | 62,456 |
| Cost of sales | <u>(15,226)</u> | <u>(14,089)</u> | <u>(48,136)</u> | <u>(51,912)</u> |
| Gross profit | 3,049 | 3,637 | 8,785 | 10,544 |
| Operating expenses | <u>(3,853)</u> | <u>(3,550)</u> | <u>(12,674)</u> | <u>(13,355)</u> |
| Operating (loss) / profit | (804) | 87 | (3,889) | (2,811) |
| Interest income | <u>51</u> | <u>74</u> | <u>287</u> | <u>356</u> |
| (Loss) / profit before tax | (753) | 161 | (3,602) | (2,455) |
| Tax income / (expense) | <u>10</u> | <u>23</u> | <u>(25)</u> | <u>(60)</u> |
| (Loss) / profit after tax | (743) | 184 | (3,627) | (2,515) |
| Foreign currency translation differences for foreign subsidiaries | 731 | 682 | (7) | 2,020 |
| Fair value of available-for-sale financial assets | 192 | -- | 192 | -- |
| Total comprehensive income / (expenses) for the year | <u>180</u> | <u>866</u> | <u>(3,442)</u> | <u>(495)</u> |
| Basic earnings per ordinary share (sen) | <u>(1.13)</u> | <u>0.28</u> | <u>(5.52)</u> | <u>(3.83)</u> |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated statement of changes in equity For the year ended 30 September 2014

| | Share capital RM'000 | Non- Distributable Reserves RM'000 | <i>Distributable</i> Retained earnings/ (Accumulated losses) RM'000 | Total equity RM'000 |
|---|----------------------------|---|--|---------------------------|
| <i>At 1 October 2012</i> | 65,749 | (370) | (2,382) | 62,997 |
| <i>Net gains recognised directly in equity</i> | | | | |
| Exchange fluctuation on translation of the financial statements of foreign subsidiaries | -- | 2,020 | -- | 2,020 |
| Loss for the year | -- | -- | (2,515) | (2,515) |
| Dividend - Final | -- | -- | (657) | (657) |
| Total comprehensive income / (expenses) for the year | -- | 2,020 | (3,172) | (1,152) |
| <i>At 30 September 2013</i> | <u>65,749</u> | <u>1,650</u> | <u>(5,554)</u> | <u>61,845</u> |
| <i>At 1 October 2013</i> | 65,749 | 1,650 | (5,554) | 61,845 |
| <i>Net gains recognised directly in equity</i> | | | | |
| Exchange fluctuation on translation of the financial statements of foreign subsidiaries | -- | (7) | -- | (7) |
| Fair value of available-for-sale financial assets | -- | 192 | -- | 192 |
| Loss for the year | -- | -- | (3,627) | (3,627) |
| Total comprehensive income / (expenses) for the year | -- | 185 | (3,627) | (3,442) |
| <i>At 30 September 2014</i> | <u>65,749</u> | <u>1,835</u> | <u>(9,181)</u> | <u>58,403</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated statement of cash flows For the year ended 30 September 2014

| | 12 months ended 30 September | |
|---|---------------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Cash flows from operating activities | | |
| Loss before tax | (3,602) | (2,455) |
| Adjustments for: | | |
| Depreciation | 1,422 | 3,400 |
| Gain on disposal of property, plant and equipment | (37) | (36) |
| Property, plant and equipment written off | 1 | -- |
| (Reversal of) / allowance for diminution in value of quoted shares | -- | 188 |
| Unrealised loss on foreign exchange | 646 | 1,100 |
| Gross dividend of quoted shares in Malaysia | (31) | (42) |
| Gain on disposal of quoted shares | -- | (427) |
| Interest income | (287) | (356) |
| Operating (loss) / profit before changes in working capital | (1,888) | 1,372 |
| Change in inventories | (1,928) | 916 |
| Change in trade and other receivables | (3,208) | 870 |
| Change in trade and other payables | 5,174 | (3,231) |
| Cash generated from operations | (1,850) | (73) |
| Tax paid | (21) | (77) |
| Interest received | 287 | 356 |
| Net cash from / (used in) operating activities | (1,584) | 206 |
| Cash flows from / (used in) investing activities | | |
| Purchase of property, plant and equipment | (3,853) | (1,639) |
| Dividend received from quoted shares (net) | 31 | 33 |
| Purchase of quoted shares | -- | (52) |
| Proceed from disposal of property, plant and equipment | 62 | 36 |
| Proceed from disposal of quoted shares | -- | 856 |
| Net cash from / (used in) investing activities | (3,760) | (766) |
| Net cash used in financing activity | | |
| Dividend paid to shareholders | -- | (657) |
| Exchange differences on translation of the financial statements of foreign subsidiaries | 49 | 1,230 |
| Net (decrease) / increase in cash and cash equivalents | (5,295) | 13 |
| Cash and cash equivalents at beginning of year | 25,462 | 25,077 |
| Foreign exchange differences on opening balance | (62) | 372 |
| Cash and cash equivalents at end of year | <u>20,105</u> | <u>25,462</u> |
| Cash and cash equivalents comprises: | | |
| Cash and bank balances | 18,339 | 16,671 |
| Fixed deposits with licensed banks | 1,766 | 11,791 |
| | <u>20,105</u> | <u>25,462</u> |

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 September 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the condensed interim financial statements

1. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2013.

These are the Group's condensed consolidated interim financial statements for the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting standards* had been applied. The adoption of MFRS 1 has no significant on the financial statement.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidate interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2013 except for the following:-

During the financial year ended 30 September 2014, the Group and the Company have conducted a review on its depreciation policy for plant and equipment, furniture and fittings, which resulted in changes in the expected usage of certain items. Certain equipment, furniture and fittings, which management previously expected to remain in production for a period of 10 years are now expected to remain in production for a period of 15 years from the date of purchase. As a result, the expected useful lives of these assets increase.

3. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from previous annual report

4. Changes in composition of the Group

The Group has acquired a wholly-owned subsidiary, Dynamic Land Development Sdn. Bhd. (DLD) for a consideration of RM2.00 and was duly announced to Bursa on 15 August 2014. The acquisition of DLD is meant for the Group's expansion plan.

5. Dividends

There is no dividend paid for the current quarter under review.

6. Seasonal or cyclical factors

The Group recorded higher revenue of RM18.3 million for the current quarter as compared to the previous quarter of RM13.7 million due to higher sales activity in the current quarter.

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7. 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 | | Profit/(Loss) before tax 12 months ended 30 September | |
|----------------------------|--|-----------------|---|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Malaysia | 15,760 | 19,421 | (3,551) | (4,688) |
| Singapore | 11,174 | 13,722 | (244) | (401) |
| People's Republic of China | 45,821 | 50,323 | (267) | 1,842 |
| | <u>72,755</u> | <u>83,466</u> | <u>(4,062)</u> | <u>(3,247)</u> |
| Inter-segment elimination | <u>(15,834)</u> | <u>(21,010)</u> | <u>173</u> | <u>436</u> |
| | <u>56,921</u> | <u>62,456</u> | | |
| Segment result | | | <u>(3,889)</u> | <u>(2,811)</u> |
| Finance costs | | | -- | -- |
| Interest income | | | <u>287</u> | <u>356</u> |
| | | | <u>(3,602)</u> | <u>(2,455)</u> |

8. Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets since the last annual balance sheet date.

9. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

10. Related parties

Key management personnel compensation

| | 30.09.2014 RM'000 | 30.09.2013 RM'000 |
|------------------------------------|----------------------|----------------------|
| Directors: | | |
| - Fees | 87 | 61 |
| - Remuneration | <u>3,154</u> | <u>2,987</u> |
| Total short-term employee benefits | 3,241 | 3,048 |
| Other key management personnel: | | |
| - Short term employee benefits | 839 | 880 |

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10. Related parties (continued)

Transactions with related parties of the Group

| | 30.09.2014 RM'000 | 30.09.2013 RM'000 |
|---|----------------------|----------------------|
| <i>Companies in which certain directors have interests</i> | | |
| Sales | 4,649 | 5,755 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 30.09.2014 RM'000 | 30.09.2013 RM'000 |
| Remuneration paid to staff who are close family member of certain Directors | 548 | 580 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. Events subsequent to the balance sheet date

There are 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.

12. Audit qualification

The audit report of the Group for the preceding annual financial statements was not subject to any audit qualification.

13. 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.

14. Material changes in estimates

During the financial year ended 30 September 2014, the Group and the Company have conducted a review on its depreciation policy for plant and equipment, furniture and fittings, which resulted in changes in the expected usage of certain items. Certain equipment, furniture and fittings, which management previously expected to remain in production for a period of 10 years are now expected to remain in production for a period of 15 years from the date of purchase. As a result, the expected useful lives of these assets increase.

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Interim Financial Report
30 September 2014

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 recorded revenue of RM56.9 million and loss before tax of RM3.6 million as compared to revenue of RM62.5 million and loss before tax of RM2.5 million in the corresponding previous financial year. In view of weak demand for electrical and electronic consumer's products from customers, sales revenue was reduced and affected the Group's performance for the current financial year.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a loss before tax of RM753 thousand as compared to profit before tax of RM3 thousand in the previous quarter, mainly due to unrealized foreign exchange gain of RM1.0 million recorded in the previous quarter.

3. Current year prospects

The Board realises the difficulties in turning around the existing business operations in the near future. As such, the Board is actively looking to diversify into new businesses to complement the existing business to generate future income to add to the profitability of the Company and the Group.

4. Profit forecast

Not applicable.

5. Tax expense

| | 3 months ended 30 September | | 12 months ended 30 September | |
|---------------|--------------------------------|----------------|---------------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Tax expense | | | | |
| Malaysian Tax | | | | |
| -Current year | <u>(10)</u> | <u>(23)</u> | <u>25</u> | <u>60</u> |

6. 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.

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7. Borrowing and debt securities

There are neither borrowings nor debt securities at the date of this quarterly report.

8. Changes in material litigation

There is no material litigation as at the date of this quarterly report.

9. Dividends

No dividend has been paid and declared by the Company since the end of the previous financial year.

10. Earnings / (loss) per ordinary share

(a) Basic earnings per share

For the purpose of calculating basic earnings per share:-

(i) The amount used as the numerator is the net loss after tax of RM0.7 million and RM3.6 million attributable to ordinary shareholders for the current quarter and 12 months ended 30 September 2014.

(ii) The weighted average number of ordinary shares used as the denominator for the current quarter and financial year to date is 65,748,500.

(b) Diluted earnings per share.

Not applicable.

11. Capital commitments

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

12. Realised and unrealised profits

The breakdown of retained profits into realized and unrealized profits as at the reporting period as follows:-

| | 30.09.2014 | 30.09.2013 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Total retained profits / (accumulated losses) | | |
| - Realised | (19,598) | (15,344) |
| - Unrealised | 9,922 | 9,468 |
| | <u>(9,676)</u> | <u>(5,876)</u> |
| Less: Consolidation adjustments | 495 | 322 |
| Total retained profits / (accumulated losses) | <u>(9,181)</u> | <u>(5,554)</u> |

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13. Notes to the condensed consolidated statement of comprehensive income

Profit before tax is arrived after charging / (crediting) the following items:

| | 3 months Ended 30.09.2014 RM'000 | Year To Date 30.09.2014 RM'000 |
|--|---|---|
| Interest income | (51) | (287) |
| Other income including investment income | 58 | (31) |
| Interest expense | -- | -- |
| Depreciation and amortisation | (675) | 1,422 |
| Provision for and write off of receivables | -- | -- |
| Provision for and write off of inventories | 77 | 77 |
| Gain on disposal of quoted/unquoted investment or properties | (11) | (36) |
| Impairment of assets | -- | -- |
| Foreign exchange (gain) / loss | | |
| - Realised | (1,208) | (689) |
| - Unrealised | 1,508 | 646 |
| | <hr/> | <hr/> |