

PNE PCB Berhad
(Company No. 168098-V)
(Incorporated in Malaysia)

Interim Financial Report (Announcement)
31 March 2015

PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position As at 31 March 2015

	31.03.2015	30.09.2014
	RM'000	RM'000
Assets		
Property, plant and equipment	31,264	30,353
Investments in quoted shares	442	1,052
Total non-current assets	<u>31,706</u>	<u>31,405</u>
Inventories	10,517	9,373
Trade and other receivables	26,530	17,929
Tax recoverable	37	37
Cash and cash equivalents	11,106	20,105
Total current assets	<u>48,190</u>	<u>47,444</u>
Total assets	<u><u>79,896</u></u>	<u><u>78,849</u></u>
Equity		
Share capital	65,749	65,749
Reserves	(5,073)	(7,346)
Total equity attributable to shareholders of the Company/Total equity	<u>60,676</u>	<u>58,403</u>
Liabilities		
Trade and other payables	19,220	20,446
Total current liabilities	<u>19,220</u>	<u>20,446</u>
Total liabilities	<u>19,220</u>	<u>20,446</u>
Total equity and liabilities	<u><u>79,896</u></u>	<u><u>78,849</u></u>
Net assets per share of RM1.00 each (RM)	<u>0.92</u>	<u>0.89</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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 period ended 31 March 2015

	Individual 3 months ended 31 March		Cumulative 6 months ended 31 March	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	18,243	11,813	37,260	24,913
Cost of sales	<u>(12,677)</u>	<u>(10,682)</u>	<u>(27,799)</u>	<u>(21,240)</u>
Gross profit	5,566	1,131	9,461	3,673
Operating expenses	<u>(5,162)</u>	<u>(3,259)</u>	<u>(8,737)</u>	<u>(6,683)</u>
Operating Profit/Loss	404	(2,128)	724	(3,010)
Interest income	<u>10</u>	<u>72</u>	<u>25</u>	<u>158</u>
Profit/Loss before tax	414	(2,056)	749	(2,852)
Tax expense	<u>(4)</u>	<u>(3)</u>	<u>(8)</u>	<u>(6)</u>
Profit/Loss after tax	410	(2,059)	741	(2,858)
Foreign currency translation differences for foreign subsidiaries	<u>153</u>	<u>15</u>	<u>1,532</u>	<u>840</u>
Total comprehensive income / (expenses) for the period	<u>563</u>	<u>(2,044)</u>	<u>2,273</u>	<u>(2,018)</u>
Basic earnings per ordinary share (sen)	<u>0.62</u>	<u>(3.13)</u>	<u>1.13</u>	<u>(4.35)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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 2015

	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 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>
<i>At 1 October 2014</i>	65,749	1,835	(9,181)	58,403
<i>Net gains recognised directly in equity</i>				
Exchange fluctuation on translation of the financial statements of foreign subsidiaries	--	1,532	--	1,532
Profit for the period	--	--	741	741
Total comprehensive income for the period	--	1,532	741	2,273
<i>At 31 March 2015</i>	<u>65,749</u>	<u>3,366</u>	<u>(8,440)</u>	<u>60,676</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated statement of cash flows For the period ended 31 March 2015

	6 months ended 31 March	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before tax	749	(2,852)
Adjustments for:		
Depreciation	793	1,408
Gain on disposal of property, plant and equipment	(4)	(25)
Unrealised loss on foreign exchange	430	153
Gross dividend of quoted shares in Malaysia	(10)	(10)
Allowance for diminution in value of quoted shares	227	(50)
Gain on disposal of quoted shares	(113)	--
Interest income	(25)	(158)
Operating profit/(loss) before changes in working capital	2,047	(1,534)
Change in inventories	(1,144)	(2,040)
Change in trade and other receivables	(8,601)	2,041
Change in trade and other payables	(1,656)	(586)
Cash absorbed by operations	(9,354)	(2,119)
Tax paid	(8)	(6)
Interest received	25	158
Net cash used in operating activities	(9,337)	(1,967)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,693)	(661)
Dividend received from quoted shares (net)	10	9
Proceed from disposal of property, plant and equipment	4	25
Proceed from disposal of quoted shares	495	--
Net cash used in investing activities	(1,184)	(627)
Exchange differences on translation of the financial statements of foreign subsidiaries	355	632
Net decrease in cash and cash equivalents	(10,166)	(1,962)
Cash and cash equivalents at beginning of period	20,105	25,462
Foreign exchange differences on opening balance	1,167	207
Cash and cash equivalents at end of period	11,106	23,707
Cash and cash equivalents comprises:		
Cash and bank balances	10,606	8,564
Fixed deposits with licensed banks	500	15,143
	11,106	23,707

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 September 2014 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 2014.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated 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 2014 in adoption of the changes of depreciation rate.

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

On 14 May 2015, the Company announced that Dynamic Land Development Sdn. Bhd. ("DLDSB"), a wholly owned subsidiary of the Company, had on 13 May 2015 acquired two (2) ordinary shares of RM1.00 each in the share capital of Lebar Nilai Development Sdn. Bhd. (Company No. 1141593-A) ("LNDSB"), representing 100% of the total issued and paid-up Share capital of LNDSB, at a total consideration of RM2.00 ("the Acquisition"). Upon completion the Acquisition, LNDSB became a wholly-owned subsidiary of DLDSB.

5. Dividends

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

6. Seasonal or cyclical factors

The Group's revenue and profits are not materially affected by seasonal or cyclical factors.

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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 6 months ended 31 March		Profit/(Loss) before tax 6 months ended 31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	13,260	7,588	7,888	(1,977)
Singapore	5,964	5,154	161	(200)
People's Republic of China	25,221	19,313	(271)	(1,090)
	44,445	32,055	7,778	(3,267)
Inter-segment elimination	(7,185)	(7,142)	(7,062)	257
	<u>37,260</u>	<u>24,913</u>		
Segment result			716	(3,010)
Interest income			25	158
			<u>741</u>	<u>(2,852)</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

	6 months ended 31 March	
	2015 RM'000	2014 RM'000
Directors:		
- Fees	25	37
- Remuneration	1,564	1,619
Total short-term employee benefits	1,589	1,656
Other key management personnel:		
- Short term employee benefits	373	454

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10. Related parties (continued)

Transactions with related parties of the Group

	6 months ended 31 March	
	2015 RM'000	2014 RM'000
<i>Companies in which certain directors have interests</i>		
Sales	2,040	1,967
	6 months ended 31 March	
	2015 RM'000	2014 RM'000
Remuneration paid to staff who are close family member of certain Directors	293	297

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
31 March 2015

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 RM18.2 million and profit before tax ("PBT") of RM749 thousand as compared to revenue of RM11.8 million and loss before tax ("LBT") of RM2.1 million in the previous year corresponding quarter. The increase in revenue and PBT was mainly attributable to the revenue from increase of the higher profit margin products.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a PBT of RM749 thousand as compared to PBT of RM335 thousand in the previous quarter ended 31 December 2014. The increase was mainly due to productivity efficiency achieved in both China and Malaysia which has brought down cost of sales and improved performance of the of the Group of the current quarter.

3. Current year prospects

It is expected that for the current year, the Group will be able to achieve marginal profit through constant improvement on the costing and production efficiency. The revenue is expected to increase with new customers coming on board. Hence, the board is actively looking to diversify into new businesses to complement the existing businesses to add on to the profitability of the company and the Group.

4. Profit forecast

Not applicable.

5. Tax expense

	3 months ended		6 months ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysian Tax				
-Current period	4	3	8	6

6. Status of corporate proposal announced

On behalf of the Board of Directors of PNE, Public Investment Bank Berhad ("PIVB") had on 18 March 2015 announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposes to undertake a private placement of up to 6,574,850 Placement Shares, representing up to ten percent (10%) of the issued and paid-up share capital of PNE, to investor(s) to be identified at an issue price to be determined and announced later.

PIVB had also on 20 March 2015 announced that the Company had, on 20 March 2015, submitted the listing application to Bursa Securities for the listing of and quotation for up to 6,574,850 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

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6. Status of corporate proposal announced (continued)

On 26 March 2015, PIVB announced that an approval for the listing and quotation of the placement shares has been obtained from Bursa Securities vide its letter dated 25 March 2015.

As of the date of the announcement, the private placement has not been completed.

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 gain after tax of RM741 thousand attributable to ordinary shareholders for the current quarter and 6 months ended 31 March 2015.

(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:-

	31.03.2015	30.09.2014
	RM'000	RM'000
Total retained profits / (accumulated losses)		
- Realised	(19,157)	(19,598)
- Unrealised	10,139	9,922
	<u>(9,018)</u>	<u>(9,676)</u>
Less: Consolidation adjustments	578	495
Total accumulated losses	<u>(8,440)</u>	<u>(9,181)</u>

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13. Notes to the condensed consolidated statement of comprehensive income

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

	3 months Ended 31.03.2015 RM'000	Year To Date 31.03.2015 RM'000
Interest income	(10)	(25)
Other income including investment income	(195)	(217)
Depreciation	413	793
Allowance for diminution in value of quoted shares	-	227
Allowance for diminution in value of quoted share no longer required	(32)	-
Gain on disposal of property, plant and equipment	0	(4)
Gain on disposal of quoted investment	(3)	(113)
Foreign exchange (gain) / loss		
- Realised	812	625
- Unrealised	403	430
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