

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

**Interim Financial Report (Announcement)**  
**30 September 2015**

# PNE PCB Berhad

(Company No. 168098-V)

(Incorporated in Malaysia)

## Condensed consolidated statement of financial position As at 30 September 2015

	<b>30.09.2015</b>	<b>30.09.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	31,825	30,353
Investments in quoted shares	390	1,052
Deferred tax assets	2,000	0
<b>Total non-current assets</b>	<u>34,215</u>	<u>31,405</u>
Inventories	10,124	9,373
Trade and other receivables	27,578	17,929
Tax recoverable	37	37
Cash and cash equivalents	14,955	20,105
<b>Total current assets</b>	<u>52,694</u>	<u>47,444</u>
<b>Total assets</b>	<u><u>86,909</u></u>	<u><u>78,849</u></u>
<b>Equity</b>		
Share capital	65,749	65,749
Reserves	161	(7,346)
<b>Total equity attributable to shareholders of the Company/Total equity</b>	<u>65,910</u>	<u>58,403</u>
<b>Long Term Liabilities</b>		
Deferred Tax Liabilities	249	--
<b>Liabilities</b>		
Trade and other payables	20,735	20,446
Tax Payable	15	--
<b>Total current liabilities</b>	<u>20,750</u>	<u>20,446</u>
<b>Total liabilities</b>	<u>20,750</u>	<u>20,446</u>
<b>Total equity and liabilities</b>	<u><u>86,909</u></u>	<u><u>78,849</u></u>
<b>Net assets per share of RM1.00 each (RM)</b>	<u><u>1.00</u></u>	<u><u>0.89</u></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 year ended 30 September 2015

	Individual 3 months ended 30 September		Cumulative 12 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>	17,228	18,275	73,472	56,921
Cost of sales	<u>(18,180)</u>	<u>(15,226)</u>	<u>(60,095)</u>	<u>(48,136)</u>
<b>Gross Loss / Gain</b>	(952)	3,049	13,377	8,785
Operating expenses	<u>(4,006)</u>	<u>(3,853)</u>	<u>(17,515)</u>	<u>(12,674)</u>
<b>Operating Loss</b>	(4,958)	(804)	(4,138)	(3,889)
Interest income	<u>24</u>	<u>51</u>	<u>52</u>	<u>287</u>
<b>Loss before tax</b>	(4,934)	(753)	(4,086)	(3,602)
Tax expense	<u>1,731</u>	<u>10</u>	<u>1,713</u>	<u>(25)</u>
<b>Loss after tax</b>	(3,203)	(743)	(2,373)	(3,627)
Foreign currency translation differences for foreign subsidiaries	4,106	731	10,072	(7)
Fair value of available-for-sale financial asset	<u>--</u>	<u>192</u>	<u>--</u>	<u>192</u>
<b>Total comprehensive income /(expenses) for the year</b>	<u>903</u>	<u>180</u>	<u>7,699</u>	<u>(3,442)</u>
Basic earnings per ordinary share (sen)	<u>(4.87)</u>	<u>(1.13)</u>	<u>(3.61)</u>	<u>(5.52)</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.

# PNE PCB Berhad

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## Condensed consolidated statement of changes in equity For the year ended 30 September 2015

	Share capital RM'000	Non- Distributable Reserves RM'000	<i>Distributable</i> Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
<b><i>At 1 October 2013</i></b>	65,749	1,650	(5,554)	61,845
<b><i>Net gains recognised directly in equity</i></b>				
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)
<b><i>At 30 September 2014</i></b>	<u>65,749</u>	<u>1,835</u>	<u>(9,181)</u>	<u>58,403</u>
<b><i>At 1 October 2014</i></b>	65,749	1,835	(9,181)	58,403
<b><i>Net gains recognised directly in equity</i></b>				
Exchange fluctuation on translation of the financial statements of foreign subsidiaries	--	10,072	--	10,072
Fair value of available-for-sale financial asset	--	(192)	0	(192)
Loss for the year	0	0	(2,373)	(2,373)
Total comprehensive income/(expenses) for the year	--	9,880	(2,373)	7,507
<b><i>At 30 September 2015</i></b>	<u>65,749</u>	<u>11,715</u>	<u>(11,554)</u>	<u>65,910</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.

# PNE PCB Berhad

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## Condensed consolidated statement of cash flows

### For the year ended 30 September 2015

	12 months ended 30 September	
	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(4,086)	(3,602)
Adjustments for:		
Depreciation	2,058	1,422
Gain on disposal of property, plant and equipment	(4)	(37)
Property, plant and equipment written off	--	1
Unrealised loss on foreign exchange	1,084	646
Gross dividend of quoted shares in Malaysia	(21)	(31)
Allowance for diminution in value of quoted shares	--	--
Gain on disposal of quoted shares	(113)	--
Interest income	(52)	(287)
<b>Operating loss before changes in working capital</b>	(1,134)	(1,888)
Change in inventories	(751)	(1,928)
Change in trade and other receivables	(9,648)	(3,208)
Change in trade and other payables	(796)	5,174
<b>Cash absorbed by operations</b>	(12,329)	(1,850)
Tax paid	(22)	(21)
Interest received	52	287
<b>Net cash used in operating activities</b>	(12,299)	(1,584)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,520)	(3,853)
Dividend received from quoted shares (net)	21	31
Proceed from disposal of property, plant and equipment	4	62
Proceed from disposal of quoted shares	583	--
<b>Net cash used in investing activities</b>	(2,912)	(3,760)
Exchange differences on translation of the financial statements of foreign subsidiaries	7,041	49
<b>Net decrease in cash and cash equivalents</b>	(8,170)	(5,295)
<b>Cash and cash equivalents at beginning of year</b>	20,105	25,462
Foreign exchange differences on opening balance	3,020	(62)
<b>Cash and cash equivalents at end of year</b>	14,955	20,105
<b>Cash and cash equivalents comprises:</b>		
Cash and bank balances	14,455	18,339
Fixed deposits with licensed banks	500	1,766
	14,955	20,105

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.

# PNE PCB Berhad

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## Notes to the condensed interim financial statements

### 1. Basis of preparation

- (a) Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting

#### 1. First-time adoption of Malaysian Financial Reporting Standards (MFRS)

The unaudited interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 30 September 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 October 2014. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

The significant accounting policies applied in the interim financial report are consistent with those adopted in the most recent audited annual financial statements for the year ended 30 September 2014 except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”) to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 October 2014.

The Group has not adopted the following MFRSs and Amendments to MFRSs which were issued but not yet effective:

#### MFRSs (Including The Consequential Amendments)

	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016

<b>MFRSs (Including The Consequential Amendments) (Cont'd)</b>	<b>Effective Date</b>
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above accounting standards and interpretations (including the consequential amendments) are not expected to have a material impact to the financial statements of the Group operations except as follows:-

*MFRS 9 (IFRS 9 issued by IASB in July 2014)*

MFRS 9 (IFRS 9 as issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group’s investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9.

## **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**

There were no changes in composition of the Group in the current financial quarter under review.

**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 12 months ended 30 September		Profit/(Loss) before tax 12 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	19,347	15,760	15,842	(3,551)
Singapore	6,794	11,174	95	(244)
People's Republic of China	54,974	45,821	231	(267)
	81,115	72,755	16,168	(4,062)
Inter-segment elimination	(7,643)	(15,834)	(18,593)	173
	<u>73,472</u>	<u>56,921</u>		
Segment result			(2,425)	(3,889)
Interest income			52	287
			<u>(2,373)</u>	<u>(3,602)</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

	12 months ended 30 September	
	2015 RM'000	2014 RM'000
Directors:		
- Fees	50	87
- Remuneration	2,196	3,154
Total short-term employee benefits	2,246	3,241
Other key management personnel:		
- Short term employee benefits	487	839

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### 10. Related parties (continued)

#### Transactions with related parties of the Group

	<b>12 months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Companies in which certain directors have interests</i>		
Sales	4,622	4,649
	<u>4,622</u>	<u>4,649</u>
	<b>12 months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Remuneration paid to staff who are close family member of certain Directors	407	548
	<u>407</u>	<u>548</u>

### 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.

**PNE PCB Berhad**

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**Interim Financial Report  
30 September 2015**

Additional information required by the  
Bursa Malaysia Securities Berhad's Listing Requirements

# PNE PCB Berhad

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## Additional information required by the Bursa Malaysia's Listing Requirements

### 1. Review of performance

The Group recorded revenue of RM17 million and loss before tax ("LBT") of RM5 million as compared to revenue of RM18 million and loss before tax ("LBT") of RM0.8 thousand in the corresponding previous financial year. The result was affected the foreign exchanges losses due to the weakening of ringgit Malaysia against US dollar.

### 2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a LBT of RM5 million as compared to PBT of RM99 thousand in the previous quarter ended 30 June 2015, mainly due to the weakening of ringgit Malaysia against US dollar.

### 3. Current prospects

It is expected that for the next financial year in 2016, the Group will be able to achieve profit through constant improvement on the costing and production efficiency. The revenue is expected to increase with expansion on current customers and bringing in new customers. 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 30 September		12 months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax expense				
Malaysian Tax				
-Current year	1,731	10	1,713	25

### 6. Status of corporate proposal announced

#### Proposed private placement

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.

PIVB had on 8 September 2015 announced that an application for extension of time of six (6) months from 24 September 2015 to 23 March 2016 to complete the implementation of the Proposed Private Placement, has been submitted to Bursa Securities on 8 September 2015.

PIVB had also on 25 September 2015 announced that the Company, after assessing the current market conditions, decided not to proceed with the Proposed Private Placement.

Pursuant thereto, the application for an extension of time to complete the implementation of the Proposed Private Placement dated 8 September 2015 has been retracted from Bursa Securities and the Proposed Private Placement has lapsed on 23 September 2015.

### Multiple Proposals

On behalf of the Board of Directors of PNE, Mercury Securities Sdn Bhd (“Mercury Securities”) had on 23 October 2015 announced that the Company proposes to undertake the following:-

- (i) par value reduction via the cancellation of RM0.80 from the par value of every existing ordinary share of RM1.00 each in the issued and paid-up share capital of the company pursuant to Section 64 the Companies Act, 1965 (“Act”) (“**Proposed Par Value Reduction**”);
- (ii) bonus issue of up to 65,748,500 new ordinary shares of RM0.20 each in PNE (after the Proposed Par Value Reduction) (“**Bonus Shares**”) on the basis of one (1) Bonus Share for every one (1) existing Share held by entitled shareholders of the company (“**Entitled Shareholders**”) on an entitlement date to be determined (“**Bonus Entitlement Date**”) (“**Proposed Bonus Issue**”);
- (iii) renounceable rights issue of up to 262,994,000 new Shares (“**Rights Shares**”) together with up to 197,245,500 free warrants (“**Warrants**”) on the basis of four (4) Rights Shares together with three (3) Warrants for every two (2) existing Shares held by the Entitled Shareholders on an entitlement date to be determined (after the Proposed Bonus Issue) (“**Rights Entitlement Date**”) (“**Proposed Rights Issue with Warrants**”);
- (iv) establishment of an employee share option scheme (“**ESOS or Scheme**”) involving up to 15% of the issued and paid-up share capital of PNE for eligible Directors and employees of the company and its subsidiaries (“**Eligible Persons**”) (“**Proposed ESOS**”);
- (v) increase in the authorised share capital of PNE from RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each to RM200,000,000 comprising

1,000,000,000 ordinary shares of RM0.20 each (“**Proposed Increase in Authorised Share Capital**”); and

- (vi) amendments to the Memorandum and Articles of Association of the company (“**Proposed Amendments**”).

(Collectively referred to as “the Proposals”)

On 26 November 2015, Mercury Securities announced that Bursa Securities had, vide its letter dated 25 November 2015, approved the following:-

- (i) admission to the Official List and the listing and quotation of up to 197,245,500 free Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) listing and quotation of up to 262,994,000 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (iii) listing and quotation of up to 197,245,500 new PNE Shares to be issued pursuant to the exercise of the Warrants;
- (iv) listing and quotation of up to 65,748,500 new PNE Shares to be issued pursuant to the Proposed Bonus Issue; and
- (v) listing and quotation of such number of new PNE Shares, representing up to 15% of the issued and paid-up share capital of PNE, to be issued pursuant to the Proposed ESOS.

PNE will be seeking shareholders’ approval for the Proposals in due course.

## **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 RM4.2 million attributable to ordinary shareholders for the current quarter and 12 months ended 30 September 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:-

	<b>30.09.2015</b>	<b>30.09.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits / (accumulated losses)		
- Realised	(21,691)	(19,598)
- Unrealised	9,485	9,922
	<u>(12,206)</u>	<u>(9,676)</u>
Less: Consolidation adjustments	652	495
Total accumulated losses	<u>(11,554)</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:

	<b>3 months Ended 30.09.2015 RM'000</b>	<b>Year To Date 30.09.2015 RM'000</b>
Interest income	(24)	(52)
Other income including investment income	(9)	(235)
Depreciation	711	2,058
Allowance for diminution in value of quoted shares	12	280
Gain on disposal of property, plant and equipment	0	(4)
Gain on disposal of quoted investment	0	(113)
Foreign exchange (gain) / loss		
- Realised	448	1,913
- Unrealised	675	1,084
	<hr/>	<hr/>