PNE INDUSTRIES LTD

(Company registration no. 199905792R)

Half Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH

	Group	
	31-3-2015	**31-3-2014**
	$ '000	**$ '000**
Revenue	37,928	40,816
Cost of sales	(28,877)	(30,428)
Gross profit	9,051	10,388
Other operating income	2,185	151
Distribution costs	(1,168)	(1,116)
Administrative expenses	(5,337)	(5,022)
Other operating expenses	(67)	(218)
Share of results of associates	0	(474)
Profit before tax	4,664	3,709
Income tax expense	(977)	(675)
Profit for the period	3,687	3,034
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	558	(476)
Revaluation of available-for-sale investments	(104)	0
Other comprehensive income for the period, net of tax	454	(476)
Total comprehensive income for the period	4,141	2,558

Note:
In addition to the charges and credits disclosed above, the following items have also been credited (charged) to the statement of comprehensive income:

		Group	
		31-3-2015	**31-3-2014**
		$ '000	**$ '000**
(A)	Investment income	0	0
(B)(i)	Other income - interest income	65	38
(B)(ii)	- others	54	113
(C)	Interest on borrowings	0	0
(D)	Depreciation and amortisation	(526)	(994)
(E)	Allowance for doubtful debts and bad debts written off	0	(51)
(F)	Write-back of (Allowance for) inventory obsolescence	17	(50)
(G)	Impairment in value of investments	0	0
(H)	Foreign exchange gain (loss)	2,066	(117)
(I)	Adjustment for (under) over provision of tax in respect of prior years	0	(59)
(J)	Gain on disposal of investments, properties, and/or plant and equipment	23	0

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-3-2015 $ '000	30-9-2014 $ '000	31-3-2015 $ '000	30-9-2014 $ '000
ASSETS				
Current assets:				
Cash and bank balances	30,134	19,390	1,235	6,699
Trade receivables	23,072	27,162	82	122
Other receivables and prepayments	1,772	1,591	9,537	5,118
Inventories	14,718	19,847	0	0
Total current assets	69,696	67,990	10,854	11,939
Non-current assets:				
Property, plant and equipment	9,186	9,662	0	0
Investment in subsidiaries	0	0	31,542	31,542
Investment in associates	396	556	0	0
Available-for-sale investments	3,682	3,786	3,682	3,786
Deferred tax assets	424	396	0	0
Total non-current assets	13,688	14,400	35,224	35,328
Total assets	83,384	82,390	46,078	47,267
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	6,888	7,647	147	24
Other payables	1,913	2,871	221	599
Income tax payable	1,037	793	20	12
Total current liabilities	9,838	11,311	388	635
Non-current liability:				
Deferred tax liabilities	11	7	0	0
Total non-current liabilities	11	7	0	0
Capital and reserves:				
Share capital	36,991	36,991	36,991	36,991
Currency translation deficit	(3,149)	(3,707)	0	0
Capital reserve	115	115	0	0
Investment revaluation reserve	(233)	(129)	(233)	(129)
Accumulated profits	39,811	37,802	8,932	9,770
Equity attributable to equity holders of the Company, representing total equity	73,535	71,072	45,690	46,632
Total liabilities and equity	83,384	82,390	46,078	47,267

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at March 31, 2015		As at September 30, 2014	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at March 31, 2015		As at September 30, 2014	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

Approximately $317,000 of the Group's fixed deposits are pledged to a bank in return for facilities granted.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended:	**31-3-2015 $' 000**	**31-3-2014 $' 000**
Operating activities:		
Profit before income tax	4,664	3,709
Adjustments for:		
Share of results of associates	0	474
Depreciation expense	526	994
Interest income	(65)	(38)
Gain on disposal of property, plant and equipment	(23)	0
Property, plant and equipment written off	38	0
Allowance for doubtful trade receivables	0	51
(Write-back of) Allowance for inventory obsolescence	(17)	50
Operating profit before movements in working capital	5,123	5,240
Trade receivables	5,066	3,241
Other receivables and prepayments	(125)	(291)
Inventories	5,098	(1,326)
Trade payables	(853)	(956)
Other payables	(1,270)	(875)
Cash generated from operations	13,039	5,033
Interest received	65	38
Income tax paid	(733)	(385)
Net cash from operating activities	12,371	4,686

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Period ended:	**31-3-2015 $' 000**	**31-3-2014 $' 000**
Investing activities:		
Proceeds from disposal of property, plant and equipment	31	23
Purchase of property, plant and equipment	(199)	(181)
Dividends received from associates	121	86
Net cash used in investing activities	(47)	(72)
Financing activity:		
Dividends paid representing net cash used in financing activity	(1,678)	(1,343)
Net increase in cash and cash equivalents	10,646	3,271
Cash and cash equivalents at beginning of period	19,390	15,327
Net effect of foreign exchange rate changes	98	(27)
Cash and cash equivalents at end of period	30,134	18,571

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF CHANGES IN EQUITY

	Share capital $'000	Currency translation deficit $'000	Capital reserve $'000	Investment revaluation reserve $'000	Accumulated profits $'000	Total equity attributable to equity holders of the Company $'000
GROUP						
Balance at October 1, 2013	36,991	(5,393)	115	0	38,990	70,703
Total comprehensive income for the period:						
Profit for the period	0	0	0	0	3,034	3,034
Other comprehensive loss for the period	0	(476)	0	0	0	(476)
Total	0	(476)	0	0	3,034	2,558
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	0	0	(1,343)	(1,343)
Balance at March 31, 2014	36,991	(5,869)	115	0	40,681	71,918
Balance at October 1, 2014	36,991	(3,707)	115	(129)	37,802	71,072
Total comprehensive income for the period:						
Profit for the period	0	0	0	0	3,687	3,687
Other comprehensive income for the period	0	558	0	(104)	0	454
Total	0	558	0	(104)	3,687	4,141
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	0	0	(1,678)	(1,678)
Balance at March 31, 2015	36,991	(3,149)	115	(233)	39,811	73,535

	Share capital	Investment revaluation reserve	Accumulated profits	Total
	$'000	$'000	$'000	$'000
COMPANY				
Balance at October 1, 2013	36,991	0	4,837	41,828
Profit for the period representing total comprehensive income for the period	0	0	283	283
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	(1,343)	(1,343)
Balance at March 31, 2014	36,991	0	3,777	40,768
Balance at October 1, 2014	36,991	(129)	9,770	46,632
Total comprehensive income for the period				
Profit for the period	0	0	840	840
Other comprehensive loss for the period	0	(104)	0	(104)
Total	0	(104)	840	736
Dividends paid, representing transactions with owners, recognised directly in equity	0	0	(1,678)	(1,678)
Balance at March 31, 2015	36,991	(233)	8,932	45,690

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the company's share capital since the end of the previous period reported on.

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	As at March 31, 2015	As at March 31, 2014
Number of treasury shares	Nil	Nil
Number of issued shares excluding treasury shares	335,667,050	335,667,050

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year

	As at March 31, 2015	As at September 30, 2014
Number of issued shares excluding treasury shares	335,667,050	335,667,050

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period reported on as those used in the most recently audited financial statements for the financial year ended September 30, 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the applicable revisions to various existing Financial Reporting Standards ("FRS"), the new FRS and Interpretations of FRS ("INT FRS") that are mandatory on the Group for its financial year commenced on October 1, 2014. The adoption of these various revised FRS, new FRS and INT FRS effective for the Group's financial year commenced on October 1, 2014 does not have a material financial effect on the Group and the Company.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Half-year ended March 31, 2015	Half-year ended March 31, 2014
Profit per ordinary share of the Group after deducting any provision for preference dividends:		
(a) Based on number of ordinary shares on issue	1.10 cents	0.90 cents
Number of ordinary shares	335,667,050	335,667,050
(b) On a fully diluted basis	1.10 cents	0.90 cents
Adjusted number of ordinary shares	335,667,050	335,667,050

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group	Company
Net asset value per ordinary share based on issued share capital as at the end of the:		
(a) Current period reported on (March 31, 2015)	21.9 cents	13.6 cents
(b) Immediately preceding financial year (September 30, 2014)	21.2 cents	13.9 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Statement of Comprehensive Income

For the financial period ended March 31, 2015, the Group recorded revenue, profit before tax, and profit after tax of $37.9m, $4.7m, and $3.7m respectively.

Revenue decreased by $2.9m or 7.1% compared to the same period last year due mainly to lower revenue recorded by both the Contract Manufacturing segment and Trading segment. Contract Manufacturing segment revenue declined because of lower customer orders. Trading segment revenue declined due to lower sales of the Group's printing materials, offset partially by higher sales of the Group's lighting products.

Gross profit declined, and gross profit margin decreased to 23.9% in the current period compared to 25.5% in the same period last year due mainly to the lower revenue.

Included in other operating income in the current period is a foreign exchange gain of $2.1m, which arose due to translation gains arising from the stronger USD in the current period. For the same period last year, the Group had recorded foreign exchange loss of $0.1m.

Administrative expenses increased by $0.3m due mainly to higher staff costs, which rose because of the tight labour market and retrenchment of excess staff arising after the Group stopped the in-house manufacturing of printing materials.

The Group's $0.5m share of loss of associates for the corresponding period last year was attributable to its share of the results reported by PNE PCB Berhad. Subsequent to the disposal of part of the shares held by the Group in PNE PCB Berhad last year, the Group's remaining interest in PNE PCB Berhad was classified as available-for-sale investment instead of an associate. As such, the Group no longer accounts for any share of the results reported by PNE PCB Berhad from thereon.

Statement of Financial Position

Cash and bank balances increased by $10.7m compared to the end of the previous financial year due to faster collections from customers and lower purchases during the current period. Trade receivables declined due to the collections and the lower sales.

Inventories decreased $5.1m compared to the end of the previous financial year due to lower purchases.

Trade and other payables declined compared to the end of the previous financial year due to payments made and lower purchases.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Foreign exchange rates still remain volatile. As the Group has sales denominated in the United States Dollar, any weakening of the United States Dollar will have an adverse impact on the Group to the extent that the revenue is not matched by costs denominated in the United States Dollar.

The Group continues to face pressures from customers for lower pricing on its products, as well as pressures from rising costs in China and Malaysia, where its manufacturing operations are based in. Minimum wages in Shenzhen, where one of the Group's factories was located is, had increased again this year. The Group is continuously monitoring its activities to enforce stringent control of its costs.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
(b)(i) Amount per share …… cents
(b)(ii) Previous corresponding period ….. cents
(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated).

The directors are pleased to declare as follows:

Current period reported on:		
Type of dividend	Interim	Special
Amount per share	0.5 cents	0.5 cents
Tax rate	One-tier tax exempt	One-tier tax exempt
Corresponding period of previous financial year:		
Type of dividend	Interim	
Amount per share	0.5 cents	
Tax rate	One-tier tax exempt	

(d) The date the dividend is payable

The dividend will be paid on Jun 12, 2015.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

May 29, 2015.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

BY ORDER OF THE BOARD

Ms Tan Meng Siew
Company Secretary
May 15, 2015

CONFIRMATION BY DIRECTORS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the half year ended March 31, 2015 to be false or misleading.

For and on behalf of the Board of Directors:

Tan Koon Chwee
Managing Director

Tan Kong Leong
Executive Director