PNE MICRON HOLDINGS LTD

Member of PNE Group **RCB REG. NO: 200105909M** **GST REG. NO: 20-0105909-M**

Full Year Financial Statements And Dividend Announcement for the Financial Year Ended 30 September 2014 ("FY2014")

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

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

	Group		
	Year ended 30/09/2014 (unaudited) S$'000	**Year ended 30/09/2013 (audited) S$'000**	**Change %**
Revenue	18,029	17,401	3.6
Cost of sales	(12,380)	(12,283)	0.8
Gross profit	5,649	5,118	10.4
Other operating income	407	246	65.4
Distribution expenses	(554)	(611)	(9.3)
Administrative expenses	(4,143)	(4,413)	(6.1)
Other operating expenses	(107)	(165)	(35.2)
Results from operating activities	1,252	175	615.4
Finance costs	(64)	(54)	18.5
	1,188	121	881.8
Share of loss of joint venture	(178)	-	NM
Profit before income tax	1,010	121	734.7
Income tax expense	(265)	(213)	24.4
Profit/(loss) after income tax	745	(92)	NM
Profit/(loss) attributable to:			
Owners of the Company	752	(56)	NM
Non-controlling interests	(7)	(36)	NM
	745	(92)	

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Year ended 30/09/2014 (unaudited) S$'000	**Year ended 30/09/2013 (audited) S$'000**	**Change %**
Profit/(loss) for the year	745	(92)	NM
Other comprehensive income:			
Items that will not be reclassified to profit and loss:			
Properties revaluation	2,590	-	NM
Impairment of properties	(779)	-	NM
Items that are or maybe reclassified subsequently to profit and loss:			
Translation differences relating to financial statements of foreign subsidiaries and joint venture	335	(610)	NM

Exchange differences on monetary items forming part of net investment in foreign subsidiaries	269	(901)	NM
Total other comprehensive income/(loss) for the year, net of income tax	2,415	(1,511)	NM
Total comprehensive income/(loss) for the year	3,160	(1,603)	NM
Attributable to:-			
Equity holders of the Company	3,151	(1,557)	NM
Non-controlling interests	9	(46)	NM
Total comprehensive income/(loss) for the year	3,160	(1,603)	NM

NM: Not Meaningful

1(a)(ii) Other profit and loss items disclosure.

The following items were (credited)/charged to the income statement:-

	Group		
	Year ended 30/09/2014 (unaudited) S$'000	**Year ended 30/09/2013 (audited) S$'000**	**Change %**
Interest income	(23)	(16)	43.8
Interest expense	64	54	18.5
Depreciation of property, plant and equipment	801	625	28.2
Gain on disposal of property, plant and equipment	(134)	(61)	119.7
Foreign exchange loss/(gain), net	119	(81)	NM
Write down of inventories	121	19	536.8
Inventories written-off	46	-	NM
Reversal of impairment losses on loans and receivables	(5)	(4)	25.0
Allowance for doubtful debts	-	192	NM
Property, plant and equipment written-off	1	2	(50.0)
Impairment of property, plant and equipment	222	-	NM
Reversal of revaluation deficit recognised in prior years	(275)	-	NM

NM: Not Meaningful

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.

	Group		Company	
	As at 30/09/2014 (unaudited) S$'000	As at 30/09/2013 (audited) S$'000	As at 30/09/2014 (unaudited) S$'000	As at 30/09/2013 (audited) S$'000
Non-current assets				
Property, plant and equipment	16,358	13,834	-	-
Subsidiaries	-	-	16,421	12,112
Joint venture	871	-	-	-
Deferred tax assets	152	58	-	-
Other receivables	-	17	-	2,233
	17,381	13,909	16,421	14,345
Current assets				
Current tax assets	5	-	-	-
Inventories	955	938	-	-
Trade and other receivables	4,346	4,624	1,189	1,097
Cash and cash equivalents	7,877	7,957	4,299	5,342
Assets classified as held for sale	-	305	-	-
	13,183	13,824	5,488	6,439
Total assets	30,564	27,733	21,909	20,784
Equity attributable to equity holders of the Company				
Share capital	30,639	30,639	30,639	30,639
Merger deficit	(3,454)	(3,454)	-	-
Foreign currency translation reserve	(3,233)	(3,824)	-	-
Revaluation reserve	4,946	3,138	-	-
Accumulated losses	(4,755)	(5,507)	(10,930)	(12,418)
	24,143	20,992	19,709	18,221
Non-controlling interests	35	26	-	-
Total equity	24,178	21,018	19,709	18,221
Non-current liabilities				
Deferred tax liabilities	516	297	-	-
Financial liabilities	1,311	1,880	1,311	1,880
	1,827	2,177	1,311	1,880
Current liabilities				
Trade and other payables	3,674	3,704	364	146
Financial liabilities	616	717	525	537
Current tax payable	269	117	-	-
	4,559	4,538	889	683
Total liabilities	6,386	6,715	2,200	2,563
Total equity and liabilities	30,564	27,733	21,909	20,784

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

Amount repayable in one year or less, or on demand.

As at 30/09/2014 (unaudited)		As at 30/09/2013 (audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
616	-	717	-

Amount repayable after one year.

As at 30/09/2014 (unaudited)		As at 30/09/2013 (audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
1,311	-	1,880	-

Details of any collateral:-

The bank loans of approximately S$ 1,836,000 as at 30 September 2014 (30 September 2013: S$ 2,417,000) are secured on the mortgages over certain freehold land and buildings of the Group with a total carrying value of approximately S$ 3,096,000 as at 30 September 2014 (30 September 2013: S$ 1,967,000).

In addition, the bank acceptances of approximately S$ 91,000 as at 30 September 2014 (30 September 2013: S$ 179,000) were secured on the following:-

(i) Mortgages over certain freehold and leasehold land and buildings of the Group with a total carrying value of approximately S$ 2,198,000 as at 30 September 2014 (30 September 2013: S$ 1,568,000);
(ii) Deposits pledged with financial institutions of approximately S$ 44,000 as at 30 September 2014 (30 September 2013: S$ 40,000); and
(iii) Corporate guarantee given by the Company.

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

	Group	
	Year ended 30/09/2014 (unaudited) S$'000	**Year ended 30/09/2013 (audited) S$'000**
Operating activities		
Profit before income tax	1,010	121
Adjustments for:-		
Gain on disposal of property, plant and equipment	(134)	(61)
Depreciation of property, plant and equipment	801	625
Write down of inventories	121	19
Interest income	(23)	(16)
Interest expense	64	54
Share of loss of joint venture	178	-
Reversal of impairment losses on loans and receivables	(5)	(4)
Property, plant and equipment written-off	1	2
Allowance for doubtful debts	-	192
Impairment of property, plant and equipment	222	-
Reversal of revaluation deficit recognised in prior years	(275)	-
Operating profits before working capital changes	1,960	932
Changes in working capital:-		
Inventories	(99)	9
Trade and other receivables	289	(168)
Trade and other payables	(155)	(93)
Cash generated from operating activities	1,995	680
Income taxes paid	(222)	(348)
Net cash from operating activities	1,773	332
Investing activities		
Interest received	23	16
Advances for purchase of property, plant and equipment	-	(233)
Purchase of property, plant and equipment	(581)	(3,755)
Proceeds from disposal of property, plant and equipment	508	67
Investment in joint venture	(1,175)	-
Net cash used in investing activities	(1,225)	(3,905)
Financing activities		
Interest paid	(64)	(54)
Repayment of bank loan and banker acceptances	(675)	(263)
Proceeds from issuance of ordinary shares	-	4,802
Proceeds from bank loan	-	2,680
Proceeds from banker acceptances	-	180
(Increase)/decrease of pledged deposits with financial institutions	(4)	9
Dividends paid to owners of the Company	-	(798)
Net cash (used in)/from financing activities	(743)	6,556
Net (decrease)/increase in cash and cash equivalents	(195)	2,983
Cash and cash equivalents at beginning of the financial year	7,917	5,457
Effect of exchange rate changes on cash balances held in foreign currencies	111	(523)
Cash and cash equivalents at end of the financial year	7,833	7,917
Cash at bank and in hand	7,833	7,917
Deposits with financial institutions	44	40
	7,877	7,957
Deposits pledged with financial institutions	(44)	(40)
Cash and cash equivalents at end of the financial year	7,833	7,917

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.

Group	Share capital S$'000	Merger deficit S$'000	Foreign currency translation reserve S$'000	Revaluation reserve S$'000	Accumulated profits/(losses) S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
At 1 October 2012 (audited)	25,837	(3,454)	(2,323)	3,138	(4,653)	18,545	72	18,617
Total comprehensive income								
Loss for the year	-	-	-	-	(56)	(56)	(36)	(92)
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	-	-	(600)	-	-	(600)	(10)	(610)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	(901)	-	-	(901)	-	(901)
Total other comprehensive income	-	-	(1,501)	-	-	(1,501)	(10)	(1,511)
Total comprehensive income for the year	-	-	(1,501)	-	(56)	(1,557)	(46)	(1,603)
Dividend paid to owners of the Company	-	-	-	-	(798)	(798)	-	(798)
Issuance of ordinary shares	4,802	-	-	-	-	4,802	-	4,802
At 30 September 2013	30,639	(3,454)	(3,824)	3,138	(5,507)	20,992	26	21,018
At 1 October 2013 (unaudited)	30,639	(3,454)	(3,824)	3,138	(5,507)	20,992	26	21,018
Total comprehensive income								
Profit for the year	-	-	-	-	752	752	(7)	745
Other comprehensive income								
Properties revaluation	-	-	-	2,574	-	2,574	16	2,590
Impairment of properties	-	-	-	(766)		(766)	(13)	(779)
Translation differences relating to financial statements of foreign subsidiaries and joint venture	-	-	334	-	-	334	1	335
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	257	-	-	257	12	269
Total other comprehensive income	-	-	591	1,808	-	2,399	16	2,415
Total comprehensive income for the year	-	-	591	1,808	752	3,151	9	3,160
At 30 September 2014	30,639	(3,454)	(3,233)	4,946	(4,755)	24,143	35	24,178

Company	Share capital S$'000	Accumulated losses S$'000	Total S$'000
At 1 October 2012 (audited)	25,837	(11,341)	14,496
Total Comprehensive Income			
Loss for the year	-	(279)	(279)
Issuance of ordinary shares	4,802	-	4,802
Dividend paid to owners of the Company	-	(798)	(798)
At 30 September 2013	30,639	(12,418)	18,221
At 1 October 2013 (unaudited)	30,639	(12,418)	18,221
Total Comprehensive Income			
Profit for the year	-	1,488	1,488
At 30 September 2014	30,639	(10,930)	19,709

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, 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.

Issued and fully paid-up ordinary shares of the Company ("Shares")

There were no changes in the Company's share capital since 31 March 2014 up to 30 September 2014. The issued and paid-up capital of the Company as at 31 March 2014 up to 30 September 2014 were as follows:-

	Number of Shares	Issued and paid up-capital (S$)
Issued and fully paid-up shares as at 31 March 2014 and 30 September 2014	554,809,450	30,639,000

There were no shares held as treasury shares as at 30 September 2013 and 30 September 2014 respectively. There were 3,000,000 outstanding Call Options as at 30 September 2013 and as disclosed below, the Company does not have any outstanding convertibles as at 30 September 2014.

Call Options

The Company had, on 20 December 2012, entered into a subscription agreement for the issue and allotment of 85,500,000 new Shares ("**Private Placement**") and call option agreements for the issue and allotment of up to 57,500,000 Shares ("**Call Options**") at an issue and exercise price of S$0.036 per Share. The Private Placement and grant of Call Options were completed on 7 January 2013, whereby 85,500,000 Shares were allotted and issued to eleven subscribers and 57,500,000 Call Options were granted to nine subscribers. As at 31 March 2013, 49,000,000 Call Options had been exercised and there were 8,500,000 outstanding Call Options.

In July 2013, 5,500,000 Call Options shares were exercised.

The outstanding Call Options amounting to 3,000,000 Call Options expired on 19 December 2013.

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 year.

	Company as at 30/9/2014	Company as at 30/9/2013
Total number of issued shares (excluding treasury shares)	554,809,450	554,809,450

There were no shares held as treasury shares as at 30 September 2014 and 30 September 2013 respectively.

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.

Not applicable. The Company did not have any treasury shares during and 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 auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

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

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 financial year as those used in the most recently audited financial statements for the financial year ended 30 September 2013.

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 new and/or revised Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") which are effective for the financial periods beginning on or after 1 October 2013.

The adoption of these new or revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material financial impact on the Group's financial statements for the current financial year reported on.

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

	Group	
Basic profit/(loss) earnings per ordinary share ("EPS")	**Year ended 30/09/2014**	**Year ended 30/09/2013**
Profit/(loss) attributable to equity holders of the Company (S$)	752,000	(56,000)
Weighted average number of ordinary shares in issue	554,809,450	509,975,000
Profit/(loss) earnings per ordinary share (Singapore cents)	0.14	(0.01)

	Group	
Diluted profit/(loss) earnings per ordinary share ("EPS")	**Year ended 30/09/2014**	**Year ended 30/09/2013**
Profit/(loss) attributable to equity holders of the Company (S$)	752,000	(56,000)
Weighted average number of ordinary shares in issue	555,466,984	512,162,000
Profit/(loss) earnings per ordinary share (Singapore cents)	0.14	(0.01)

The diluted earnings per ordinary share for FY2014 is calculated after taking into account the 3,000,000 outstanding Call Options from the Private Placement (which has since expired on 19 December 2013).

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 financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	Year ended 30/09/2014	**Year ended 30/09/2013**	**Year ended 30/09/2014**	**Year ended 30/09/2013**
Net asset value per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period (in Singapore cents)	4.35	3.78	3.55	3.28
Issued share capital	554,809,450	554,809,450	554,809,450	554,809,450

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Despite the ongoing recovery in the global economy, the general operating and business environment surrounding the Group continues to be competitive and challenging during FY2014. The Group's revenue increased by approximately S$ 0.6 million or 3.6% from S$ 17.4 million during the previous financial year ended 30 September 2013 ("**FY2013**") to S$ 18.0 million in FY2014. The higher revenue was mainly due to an increase in the demand of Electro Deposition ("**ED**")

coating services and metal components from existing customers during FY2014.

The gross profit increased by approximately S$ 0.5 million or 10.4% from S$ 5.1 million in FY2013 to S$ 5.6 million in FY2014. The gross profit margin improved from 29.4% in FY2013 to 31.3% in FY2014. This was mainly due to the improvement in the gross profit contributed by the subsidiaries in the ED coating segment. In addition, the Indonesian subsidiary's break-even position in FY2014 as compared to the loss-making position in FY2013 has also contributed to the improvement of financial performance for the Group in FY2014. The overall improvement in the operational efficiencies and higher productivity in the manufacturing operations also resulted in a lower cost of sales.

As a result, the Group has managed to record a higher operating profit before tax of approximately S$ 1.0 million in FY2014 as compared to approximately S$ 0.1 million in FY2013.

Metal Components and Tool and Die Operations

The turnover of the metal components and tooling division has increased by approximately S$ 0.1 million or 4.5% from S$ 2.7 million during FY2013 to S$ 2.8 million during FY2014. The higher turnover was mainly due to the increase in orders for metal components used in the assembly of consumer electronics during FY2014.

Although this division continues to face an intensive competition from overseas and local competitors, Management had kept a tight rein on the overall costs of the metal components and tooling division and managed to achieve a flat operating profit before tax of approximately S$ 0.2 million during FY2014 (FY2013: S$ 0.2 million).

ED Coating and Other Secondary Processes

Revenue from the ED coating division increased by approximately S$ 0.5 million or 3.1% from S$ 14.7 million in FY2013 to S$ 15.2 million in FY2014. The increase in the ED coating division was mainly due to the higher orders on certain automotive and motor-cycle components during FY2014, which was partially offset by a decrease in orders from the Group's existing customers in other metal components and parts.

The operating profit before tax from the ED coating division has also improved from an operating loss of S$ 1.0 million in FY2013 to an operating profit of S$ 1.3 million in FY2014. The improvement was mainly due to the increase in the demand from existing customers on certain automotive and motorcycle components. In addition, Management had also kept a tight rein on the overall costs of the ED coating division and this has resulted in the reduction of operational costs.

Other Income Statement Items

The increase in the other operating income of approximately S$ 0.2 million from S$ 0.2 million in FY2013 to S$ 0.4 million was mainly due to the disposal of plant and equipment in certain Malaysian subsidiaries during FY2014.

The increase in the net finance costs incurred during FY2014 of approximately S$ 64,000 was mainly due to the increase in finance interests charged by the financial institutions for the outstanding bank loans and banker acceptances (FY2013: S$ 54,000) which was partially offset by the increase in the interest income due to the higher amount of fixed deposits placed with the financial institutions by the Group in FY2014

The increase in the depreciation of approximately S$ 0.2 million from S$ 0.6 million in FY2013 to S$ 0.8 million in FY2014, was mainly attributable to the addition of plant and equipment in some of the Malaysian subsidiaries and the Indonesian subsidiary in FY2014.

The increase in the impairment of property, plant and equipment of S$ 222,000 (FY2013: NIL) was due to the recognition of impairment of property, plant and equipment in certain Indonesian and Malaysian subsidiaries during the year.

The reversal of revaluation deficit of prior year amounted to S$ 275,000 (FY2013: NIL) was due to the reversal of revaluation deficit in one of the Malaysian subsidiaries recognised in prior year.

The increase in the income tax expense from S$ 0.2 million in FY2013 to S$ 0.3 million in FY2014 was mainly due to the higher operating profit achieved by some of the Group's Malaysian subsidiaries in FY2014.

The increase in the write down of inventories from S$ 19,000 in FY2013 to S$ 121,000 in FY2014 was mainly due to the increase in provision of obsolete stocks in certain Malaysian subsidiaries during the financial year.

Statements of Financial Position

Non-Current Assets

The increase in the property, plant and equipment from approximately S$ 13.8 million as at 30 September 2013 to approximately S$ 16.4 million as at FY2014 was mainly due to the property revaluation surplus of land and buildings, and also the addition of new plant and equipment by certain Malaysian subsidiaries and the Indonesian subsidiary. However, the increase was partly off-set by the impairment charges and annual depreciation of plant and equipment.

As at 30 September 2014, the investment in the newly established joint venture company, PNE Teknicast Sdn. Bhd., decreased from the initial capital investment of approximately S$ 1.2 million to approximately S$ 0.9 million. The decrease was mainly due to the share of loss of joint venture of S$ 0.2 million and the elimination of unrealised profits.

The increase of the deferred tax assets from S$ 58,000 in FY2013 to S$ 152,000 in FY2014 was mainly due to the increase of deferred tax assets from one of the Malaysian subsidiaries.

Working Capital

The working capital of the Group as at 30 September 2014 and as at 30 September 2013 are set out below:-

(S$'000)	As at 30 September 2014	As at 30 September 2013
Total current assets	13,183	13,824
Total current liabilities	4,559	4,538
Working capital	8,624	9,286

The Group had a positive working capital of approximately S$ 8.6 million as at 30 September 2014, as compared to approximately S$ 9.3 million as at 30 September 2013.

Current Assets

As at 30 September 2014, the Group's current assets amounted to approximately S$ 13.2 million, compared to approximately S$ 13.8 million as at 30 September 2013. The balance as at 30 September 2014 comprised mainly of cash and cash equivalents of approximately S$ 7.9 million (30 September 2013: S$ 8.0 million), trade and other receivables of approximately S$ 4.3 million (30 September 2013: S$ 4.6 million), inventories of approximately S$ 1.0 million (30 September 2013: S$ 0.9 million), and current tax assets of approximately S$ 5,000 (30 September 2013: NIL).

Trade and other receivables decreased by approximately S$ 0.3 million, from approximately S$ 4.6 million as at 30 September 2013 to approximately S$ 4.3 million as at 30 September 2014. The decrease was mainly due to the reclassification of the newly acquired Company's staff hostel of approximately S$ 0.2 million to "Property, plant and equipment", after the Indonesian subsidiary has duly received the title deed from the property developer.

Current Liabilities

As at 30 September 2014, the Group's current liabilities amounted to approximately S$ 4.6 million, compared to approximately S$ 4.5 million as at 30 September 2013. The balance as at 30 September 2014 comprised mainly of trade and other payables of approximately S$ 3.7 million (30 September 2013: S$ 3.7 million), financial liabilities involving bank loans and banker acceptances of approximately S$ 0.6 million (30 September 2013: S$ 0.7 million) and current tax payable of approximately S$ 0.3 million (30 September 2013: S$ 0.1 million).

The decrease in the current financial liabilities of approximately S$ 0.1 million (30 September 2013: S$ 0.7 million) was mainly due to the repayment of bank loan and banker acceptances during FY2014.

The increase of current tax payable of approximately S$ 0.2 million (30 September 2013: S$ 0.1 million) was mainly due to the higher operating income achieved by some of the Malaysian subsidiaries during FY2014.

Non-Current Liabilities

As at 30 September 2014, the Group's non-current liabilities amounted to approximately S$ 1.8 million (30 September 2013: S$ 2.2 million). The decrease in the non-current liabilities was due to the repayment of bank loan and banker acceptances during FY2014.

Cash Flow Analysis

In FY2014, the Group generated net cash generated from operating activities before changes in working capital of approximately S$ 2.0 million and the net cash generated from operating activities amounted to about S$ 1.8 million. This was mainly due to the decrease in inventories by approximately S$ 0.1 million, the decrease in trade and other receivables by approximately S$ 0.3 million, and the decrease in trade and other payables of approximately S$ 0.2 million. Also, income tax of approximately S$ 0.2 million was paid in FY2014.

Net cash used in investing activities amounted to approximately S$ 1.2 million in FY2014 was mainly due to the investment in the newly established joint venture entity, PNE Teknicast Sdn. Bhd., amounting to approximately S$ 1.2 million and capital expenditures for the purchase of property, plant and equipment by approximately S$ 0.6 million. The increase was partially offset by the interest received from bank deposits of approximately S$ 23,000 and the proceeds from the disposal of property, plant and equipment of approximately S$ 0.5 million from one of the Malaysian subsidiaries.

Net cash used in financing activities amounted to approximately S$ 0.7 million in FY2014, which was mainly due to the repayment of bank loan and banker acceptances amounting to approximately S$ 0.7 million during FY2014, the repayment of bank interests of approximately S$ 64,000 and the increase in the pledged deposits with financial institutions of approximately S$ 3,000.

As a result of the above, there was a net decrease of approximately S$ 0.1 million in cash and cash equivalents (after taking into account the effect of exchange rate changes on cash balances held in foreign currencies), from approximately S$ 7.9 million as at 30 September 2013 to approximately S$ 7.8 million as at 30 September 2014.

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

In the Company's annual report for the financial year ended 30 September 2013, the Company has disclosed that, *"The Directors expect that the commencement of the production in the newly established entity, PNE Teknicast Sdn. Bhd. during the second half on the financial year ending 30 September 2014, to operate below the optimal production capacity and this may also negatively impact the Group's financial earnings and results for FY2014* ("Annual Report Prospect Statement)." The results for FY2014 are better than the Annual Report Prospect Statement mainly due to the increase in demand of Electro Deposition ("ED") coating services and metal components from existing customers in second half of FY2014.

The Company has disclosed in its financial results announcement for the half year ended 31 March 2014 that, "*Based on indicative orders and if PNE Teknicast Sdn. Bhd. can commence production in the second half FY2014, the Directors expect PNE Teknicast Sdn. Bhd's second half performance to be better than the first half of FY2014 ("*HY2014 Prospect Statement")." There was a further variance between the actual results and the HY2014 Prospect Statement where the performance of PNE Teknicast Sdn. Bhd. for second half of FY2014 is lower than the first half of FY2014. PNE Teknicast Sdn. Bhd. has suffered a loss of approximately S$ 93,000 in the second half of FY2014 compared to a loss of S$ 85,000 in the first half of FY2014 due to the recognition of deferred tax expense at second half of FY2014.

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.

The Directors remain cautious about the Group's performance due to the competitive business environment, high raw material costs and labour costs. In order to safeguard from the challenging business conditions and conserve cash for future investment opportunities, such as new businesses, mergers, acquisitions, joint ventures and business collaborations, the Company will not be paying any dividends to the Company's shareholders for FY2014.

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

(a) Whether an interim(final) ordinary dividend has been declared (recommended); and

No

(b)(i) Amount per share: Not applicable

(ii) Previous corresponding period: Not applicable

(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).

Not applicable.

(d) the date of dividend payable

Not applicable.

(e) Books closure date.

Not applicable.

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

No dividend has been declared or recommended for the current financial year reported on.

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

The Company does not have a general mandate from shareholders for recurrent interested person transactions. There were no interested person transactions with an amount of S$ 100,000 or more during FY2014

14. Update on use of proceeds from the Private Placement and exercise of Call Options

As at 30 September 2014, the Company had re-deployed the sum of approximately S$ 1.2 million out of S$ 4.8 million, the un-utilised proceeds from the Private Placement and exercise of Call options which was earlier intended for the purposes of funding new potential investments and business through acquisitions, joint ventures and collaboration in businesses involving the trading of resources as and when the opportunities arise, for the investment in PNE Teknicast Sdn. Bhd. Details on the use of the proceeds from the Private Placement and exercise of Call Options, as at the date of this announcement are as follows:-

Intended Use of Proceeds	Private Placement and Exercise of Call Options Proceeds (S$'000)	Status of Use	Amount Utilised To-Date (S$'000)	Balance Un-utilised (S$'000)
1. Fund new investments and businesses involving the trading of resources	4,800	Re-deployment of S$ 1.2 million for the investment in PNE Teknicast Sdn. Bhd.	(1,175)	3,625
2. Expenses incurred in connection with the Private Placement and exercise of Call Options	240	Utilised for intended use	(240)	-
Total	**5,040**		**(1,430)**	3,625

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

(a) Business Segments

	Metal components and tool and die		ED coating		Others		Total	
	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000
Revenue and expenses								
External revenue	2,778	2,659	15,190	14,736	61	6	18,029	17,401
Inter-segment revenue	47	66	544	685	1,456	1,943	2,047	2,694
Interest income	1	1	17	15	5	-	23	16
Interest expense	(4)	(5)	-	-	(60)	(49)	(64)	(54)
Other income	305	157	79	51	-	22	384	230
Other material non-cash items								
Depreciation	(17)	(35)	(781)	(531)	(3)	(59)	(801)	(625)
Impairment losses on loans and receivables	-	(6)	-	(186)	-	-	-	(192)
Reversal of impairment losses on loans and receivables	-	4	5	-	-	-	5	4
Impairment of property,plant and equipment	-	-	(222)	-	-	-	(222)	-
Reversal of revaluation deficit in prior years	-	-	275	-	-	-	275	-
Reportable segment profit/(loss) before tax	214	190	1,241	(933)	(445)	32	1,010	(711)
Others segmental (loss)/profit	-	-	-	-	-	(140)	-	(140)
Reportable segment assets	3,757	3,063	22,021	19,403	4,785	5,267	30,563	27,733
Capital expenditure	20	4	762	3,751	1	-	783	3,755
Reportable segment liabilities	1,216	1,266	3,034	2,797	2,135	2,652	6,385	6,715

(b) Geographical Segments

	Malaysia		Singapore		Indonesia		Total operations	
	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000
Revenue from external customers	15,285	14,500	302	567	2,442	2,334	18,029	17,401
Non-current assets	13,494	10,450	-	-	4,185	3,384	17,679	13,834

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

See paragraph 8 above.

17. A breakdown of sales

GROUP	Latest FY2014 S$'000	Previous FY2013 S$'000	Increase / (Decrease)
(a) Sales reported for first half year	8,608	9,018	(4.6%)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	5	317	(98.4%)
(c) Sales reported for second half year	9,421	8,383	12.4%
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	740	(409)	NM

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been recommended for the current financial year

	Latest full year (S$'000)	Previous full year (S$'000)
Ordinary	-	-
Preference	-	-
Total:	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company hereby confirm that to the best of its knowledge, as at the date of this announcement, the persons occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company are as follows:-

Financial Year Ended 30 September 2014				
Name	**Age**	**Family relationship with any director, CEO and/or substantial shareholder**	**Current position and duties, and the year the position was first held**	**Details of changes in duties and position held, if any, during the year**
Tan Tee Ching	42	Nephew of Mr. Tan Kong Heng (Non-Executive Chairman) and Mr. Tan Kong Sin (Chief Executive Officer).	Chief Financial Officer of PNE Micron Holdings Ltd since 2007 (formerly the Group Financial Controller since 2000). Responsible for finance, accounting and the Group's compliance with audit and statutory requirements.	Not applicable.
Tan Wei Keong	33	Son of Mr. Tan Kong Sin (Chief Executive Officer) and nephew of Mr. Tan Kong Heng (Non-Executive Chairman).	International Marketing Manager of PT PNE Indonesia since 1 July 2013. To oversee the corporate marketing and sales activities of PT PNE Indonesia, a subsidiary of the Company.	Not applicable.

BY ORDER OF THE BOARD

TAN KONG SIN
CHIEF EXECUTIVE OFFICER
28 NOVEMBER 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.