PNE MICRON HOLDINGS LTD

RCB REG. NO: 200105909M

Full Year Financial Statements And Dividend Announcement for the Financial Year Ended 30 September 2015 ("FY2015")

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 30/09/2015 (unaudited) S$'000	Year ended 30/09/2014 (audited) S$'000	Change %
Revenue	101,732	18,029	**464.3**
Cost of sales	(92,161)	(12,380)	**644.4**
Gross profit	9,571	5,649	**69.4**
Other operating income	2,575	361	**613.3**
Distribution expenses	(939)	(554)	**69.4**
Administrative expenses	(7,680)	(4,143)	**85.4**
Other operating expenses	(935)	(61)	**1433.4**
Results from operating activities	2,592	1,252	**107.1**
Finance costs	(693)	(64)	**982.2**
	1,899	1,188	**59.9**
Share of loss of joint venture	(871)	(178)	**389.6**
Profit before income tax	1,028	1,010	**1.8**
Income tax expense	(924)	(265)	**248.7**
Profit after income tax	104	745	**(86.0)**
(Loss)/Profit attributable to:			
Owners of the Company	(266)	752	**NM**
Non-controlling interests	370	(7)	**NM**
	104	745	

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 30/09/2015 (unaudited) S$'000	Year ended 30/09/2014 (audited) S$'000	Change %
Profit for the year	**104**	**745**	**NM**
Other comprehensive income:			
Items that will not be reclassified to profit and loss:			
Properties revaluation	113	2,590	**NM**
Reversal/(Impairment) of properties	517	(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	(1,477)	335	**NM**
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	(1,728)	269	**NM**
Total other comprehensive (loss)/income for the year, net of income tax	(2,575)	2,415	**NM**
Total comprehensive income/(loss) for the year	**(2,471)**	**3,160**	**NM**
Attributable to:-			
Owners of the Company	(2,841)	3,151	**NM**
Non-controlling interests	370	9	**NM**
Total comprehensive (loss)/income for the year	**(2,471)**	**3,160**	**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 30/09/2015 (unaudited) S$'000	Year ended 30/09/2014 (audited) S$'000	Change %
Interest income	(147)	(23)	**NM**
Interest expense	692	64	**981**
Depreciation of property, plant and equipment	1,195	801	**49**
Loss/(Gain) on disposal of property, plant and equipment	6	(134)	**NM**
Foreign exchange (gain)/loss, net	(148)	119	**NM**
Write down of inventories	-	121	**NM**
Reversal of impairment losses on loans and receivables	-	(5)	**NM**
Expenses on issued new shares	8	-	**NM**
Bad debts written off - other receivables	8	-	**NM**
Property, plant and equipment written-off	11	1	**1028**
Allowance for obsolete stock	4	-	**NM**
Loss on land and building revaluation	13	-	**NM**
(Reversal of)/Impairment of property, plant and equipment	(222)	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 30/09/2015 (unaudited) S$'000	As at 30/09/2014 (audited) S$'000 (restated)[1]	As at 30/09/2015 (unaudited) S$'000	As at 30/09/2014 (audited) S$'000 (restated)[1]
Non-current assets				
Property, plant and equipment	19,543	16,358	-	-
Subsidiaries	-	-	24,976	16,421
Joint venture	-	871	-	-
Deferred tax assets	6	152	-	-
Other receivables	91	146	-	-
Goodwill on consolidation	338	-	-	-
	19,978	17,527	24,976	16,421
Current assets				
Inventories	3,078	955	-	-
Trade and other receivables	38,588	4,205	9	1,189
Cash and cash equivalents	9,901	7,877	377	4,299
	51,567	13,037	386	5,488
Total assets	71,545	30,564	25,362	21,909
Equity attributable to equity holders of the Company				
Share capital	34,366	30,639	34,366	30,639
Merger deficit	(3,454)	(3,454)	-	-
Foreign currency translation reserve	(6,438)	(3,233)	-	-
Revaluation reserve	5,576	4,946	-	-
Accumulated losses	(5,021)	(4,755)	(12,576)	(10,930)
	25,029	24,143	21,790	19,709
Non-controlling interests	9,287	35	-	-
Total equity	34,317	24,178	21,790	19,709
Non-current liabilities				
Deferred tax liabilities	1,323	516	-	-
Hire purchase creditors	188	-	-	-
	1,511	516	-	-
Current liabilities				
Bank overdraft	631	-	-	-
Trade and other payables	5,445	3,674	1,075	364
Interest-bearing term loan	29,037	1,927	2,497	1,836
Hire purchase creditors	112	-	-	-
Current tax payable	479	269	-	-
Loan from director	13	-	-	-
	35,717	5,870	3,572	2,200
Total liabilities	37,228	6,386	3,572	2,200
Total equity and liabilities	71,545	30,564	25,362	21,909

1. Due to the existence of callable clause in the term loan agreement, the non-current portion has been re-classed to current liabilities. Accordingly, the FY2014 accounts have been restated.

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 30/09/2015 (unaudited)		As at 30/09/2014 (audited)	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
29,780	-	1,927	-

Amount repayable after one year.

As at 30/09/2015 (unaudited)		As at 30/09/2014 (audited)	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
188	-	-	-

Details of any collateral:-

The bank loans of approximately S$4,537,000 as at 30 September 2015 (30 September 2014: S$1,836,000) were secured on the following:-

(i) Mortgages over certain freehold land and buildings of the Group with a total carrying value approximately S$2,474,000 as at 30 September 2015 (30 September 2014: S$ 3,096,000);and
(ii) Corporate guarantee given by the Company;
(iii) Personal guarantee by a director; and
(iv) An open mortgage of the director's personal property.

The trade facilities of S$24.5 million and overdraft facility of S$631,000 as at 30 September 2015 (30 September 2014: NIL) were secured on the following: -

(i) Mortgages over certain freehold and leasehold land and buildings of the Group with a total carrying value approximately S$4,600,000 as at 30 September 2015 (30 September 2014: NIL) ;
(ii) Deposits pledged with financial institutions of approximately S$7,095,000 as at 30 September 2015 (30 September 2014: NIL); and
(iii) Personal guarantees from a director.

The finance leases of S$300,000 as at 30 September 2015 (30 September 2014: NIL) were secured by the leased assets.

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 30/09/2015 (unaudited) S$'000	Year ended 30/09/2014 (audited) S$'000
Operating activities		
Profit before income tax	1,028	1,010
Adjustments for:-		
Loss/(Gain) on disposal of property, plant and equipment	6	(134)
Depreciation of property, plant and equipment	1,195	801
Write down of inventories	-	121
Interest income	(147)	(23)
Interest expense	692	64
Share of loss of joint venture	871	178
Expenses from issuance of ordinary shares	8	-
Reversal of impairment losses on loans and receivables	-	(5)
Property, plant and equipment written-off	11	1
Bad debts written off-other receivables	8	-
Allowance for obsolete stock	4	-
Loss on land and building revaluation	13	-
Loss/(Gain) on foreign exchange	(148)	-
(Reversal of)/Impairment of property, plant and equipment	(222)	222
Reversal of revaluation deficit recognised in prior years	-	(275)
Operating profits before working capital changes	3,319	1,960
Changes in working capital:-		
Inventories	(38)	(99)
Trade and other receivables	(3,954)	289
Trade and other payables	244	(155)
Cash (used in)/generated from operating activities	(429)	1,995
Income taxes paid	(568)	(222)
Net cash (used in)/ from operating activities	(997)	1,773
Investing activities		
Interest received	147	23
Purchase of property, plant and equipment	(234)	(581)
Proceeds from disposal of property, plant and equipment	1	508
Investment in joint venture	-	(1,175)
Net cash outflow from acquisition of subsidiaries (Note A)	(5,407)	
Net cash outflow from acquisition of non-controlling interest in subsidiary	(61)	-
Net cash used in investing activities	(5,554)	(1,225)
Financing activities		
Interest paid	(692)	(64)
Repayment of bank loan and banker acceptances	(852)	(675)
Repayment of finance lease liabilities	(67)	-
Proceeds from bank loan	2,417	-
Fixed deposits	(181)	(4)
Proceed from loans from directors	13	-
Net cash from/(used in) financing activities	638	(743)

Net decrease in cash and cash equivalents	(5,913)	(195)
Cash and cash equivalents at beginning of the financial year	7,833	7,917
Effect of exchange rate changes on cash balances held in foreign currencies	220	111
Cash and cash equivalents at end of the financial year	2,140	7,833
Cash at bank and in hand	2,771	7,833
Fixed deposits with financial institutions	7,130	44
	9,901	7,877
Fixed deposits pledged with financial institutions	(7,130)	(44)
Bank overdraft (secured)	(631)	-
Cash and cash equivalents at end of the financial year	2,140	7,833

Note A:

Acquisition of subsidiary

Assets acquired and liabilities assumed at the date of acquisition were as follows:	S$
Assets	21,207,309
Liabilities	(12,170,298)
Net assets acquired	9,037,011
Total purchase consideration	9,142,000
Deferred tax liabilities arising on acquisition	(232,824)
Goodwill arising on acquisition	337,813
Cash consideration	5,407,000
Share consideration	3,735,000
Total consideration	9,142,000

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 losses S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
(Audited)								
At 1 October 2013	30,639	(3,454)	(3,824)	3,138	(5,507)	20,992	26	21,018
Total comprehensive income								
Profit/(Loss) 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
(Unaudited)								
At 1 October 2014	30,639	(3,454)	(3,233)	4,946	(4,755)	24,143	35	24,178
Total comprehensive income								
(Loss)/Profit for the year	-	-	-	-	(266)	(266)	370	104
Other comprehensive income								
Properties revaluation	-	-	-	-	-	-	-	-
Impairment of properties	-	-	-	630	-	630	-	630
Translation differences relating to financial statements of foreign subsidiaries and joint venture	-	-	(3,205)	-	-	(3,205)	-	(3,205)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(3,205)	630	(266)	(2,575)	370	(2,575)
Total comprehensive income for the year	-	-	(3,205)	630	(266)	(2,841)	370	(2,471)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	8,917	8,917
Effect of acquiring part of non-controlling interests in a subsidiary	-	-	-	-	-	-	(35)	(35)
Issue of share capital	3,727	-	-	-	-	3,727	-	3,727
At 30 September 2015	34,366	(3,454)	(6,438)	5,576	(5,021)	25,029	9,287	34,317

Company	Share capital S$'000	Accumulated losses S$'000	Total S$'000
(Audited)			
At 1 October 2013	30,639	(12,418)	18,221
Total Comprehensive Income	-	1,488	1,488
At 30 September 2014	30,639	(10,930)	19,709
(Unaudited)			
At 1 October 2014	30,639	(10,930)	19,709
Issue of share capital	3,727	-	3,727
Total Comprehensive Income	-	(1,646)	(1,646)
At 30 September 2015	34,366	(12,576)	21,790

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")

Movements in the Company's share capital since 30 September 2014 up to 30 September 2015 were as follows:-

	Number of Shares	Issued and paid-up capital (S$)
Balance as at 30 September 2014	554,809,450	30,639,000
Issuance of Consideration Shares	83,000,000	3,727,000
Balance as at 30 September 2015	637,809,450	34,366,000

The Company had, on 8 January 2015, completed the acquisition of 50% shareholding interest in SMC Industrial Pte Ltd by the issuance of new 83,000,000 Shares at S$0.045 per share as at completion date.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2014 and 30 September 2015.

Subsequent to FY2015, the Company had on 30 October 2015 partially completed the issuance of convertible notes through the issuance of convertible notes for an aggregate amount of S$900,000 pursuant to a convertible notes agreement dated 30 September 2015. For further details, please refer to the Company's announcements dated 30 September 2015.

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 30/9/2015	Company as at 30/9/2014
Total number of issued shares excluding treasury shares	637,809,450	554,809,450

There were no shares held as treasury shares as at 30 September 2015 and 30 September 2014.

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.

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 financial year as those used in the most recently audited financial statements for the financial year ended 30 September 2014 ("**FY2014**").

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 2014.

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 (loss)/earnings per ordinary share ("LPS" or "EPS")	**FY2015 (Unaudited)**	**FY2014 (Audited)**
(Loss)/Profit attributable to equity holders of the Company (S$)	(266,000)	752,000
Weighted average number of ordinary shares in issue	615,297,121	554,809,450
LPS or EPS (Singapore cents)	(0.04)	0.14

	Group	
Diluted LPS or EPS	**FY2015 (Unaudited)**	**FY2014 (Audited)**
(Loss)/Profit attributable to equity holders of the Company (S$)	(266,000)	752,000
Weighted average number of ordinary shares in issue	615,297,121	554,809,450
LPS or EPS (Singapore cents)	(0.04)	0.14

The basic and diluted LPS or EPS for FY2015 and FY2014 were the same as there were no potentially dilutive ordinary shares in issue as at end of the respective periods.

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	
	As at 30/09/2015 (Unaudited)	**As at 30/09/2014 (Audited)**	**As at 30/09/2015 (Unaudited)**	**As at 30/09/2014 (Audited)**
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)	5.38	4.35	3.42	3.55
Number of ordinary shares in issue	637,809,450	554,809,450	637,809,450	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.

CONSOLIDATED INCOME STATEMENT

The following comparative performance of the Group are based on financial statements for FY2015 and FY2014.

Revenue

The Group's revenue increased by approximately S$83.7million or 464.3% mainly due to maiden revenue contributed from the new operating segment - trading of commodities following the completion of acquisition of 50% interest in SMC Industrial Pte Ltd ("**SMC**" or "**New Subsidiary**") in January 2015.

The breakdown of revenue and profit/(loss) before tax for each business segment are as follows:

	Revenue				Profit/(Loss) Before Tax			
	FY2015	FY2014	Increase / (Decrease)		FY2015	FY2014	Increase / (Decrease)	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Metal Components & Tool and Die	2,348	2,778	430	18.3	437	(178)	615	NM
Electro-Deposition ("ED") and Other Secondary Processes	13,140	15,190	2,050	(13.5)	42	1,148	(1,106)	(96.3)
Trading of Commodities	86,139	-	-	NM	1,127	-	1,127	NM
Other Operations	105	61	44	41.9	(578)	(362)	(216)	(59.7)
Total	101,732	18,029	83,703	464.3	1,028	608	420	40.9

NM: denotes not meaningful

Metal Components and Tool and Die Operations

The decrease in revenue from the metal stamping and tooling division was mainly due to decrease in orders of metal components from existing customers.

Although this division continues to face a weakening market demand, the Management had kept a tight rein on the overall costs of the metal components and tooling division and this division managed to achieve a profit before tax of approximately S$0.4 million in FY2015 as compared to a loss before tax of approximately S$ 0.2 million in FY2014.

ED Coating and Other Secondary Processes

Revenue from the ED coating division decreased by approximately S$2.1 million or approximately 13.5% mainly due to the decrease in demand for ED coating services by existing customers, who are mainly manufacturers of motorcycle components. This also resulted in the division registering a lower profit before tax.

Trading of Commodities

Revenue and profit before tax from trading of commodities were derived from the New Subsidiary since the acquisition in January 2015. The trading of commodities segment generated lower profit margin as compared to other operating segments of the Group.

Other Operations

The increase in losses before tax incurred from the other operations was mainly due to higher operating expenses by the Company.

Gross Profit

Gross profit increased by approximately S$3.9 million or 69.4%, but gross profit margin decreased from 31.3% to 9.4%. The decrease in gross profit margin was mainly due to the lower profit margin from the trading of commodities segment as compared to other operating segments.

Other Income Statement Items

The increase in the other operating income of approximately S$2.2 million was mainly due to (i) exchange gain derived from the Malaysian subsidiaries of approximately S$0.6 million, (ii) reversal of prior year's impairment of property, plant and equipment amounting to S$0.2 million, and (iii) contribution from the New Subsidiary of approximately S$1.4 million which consists of exchange gain of approximately S$0.6 million, management and administrative fee of approximately S$0.7 million and interest income of S$0.1 million.

The increase in (i) distribution expenses of S$0.4 million, (ii) administrative expenses of S$3.5 million and (iii) operating expenses of S$0.9 million was incurred mainly by the New Subsidiary.

The increase in the depreciation of approximately S$0.4 million was mainly due to the (i) higher level of property, plant and equipment after consolidating the accounts of New Subsidiary into the Group and (ii) additional depreciation arose from higher level of property and additional purchase of machinery and equipment in the Malaysian subsidiaries during the year.

The increase in the finance costs of approximately S$0.6 million was mainly incurred by the New Subsidiary for the trade facilities utilized for the purpose of working capital.

The Group recorded slightly higher profit before tax of approximately S$1.03 million in FY2015, as compared to approximately S$ 1.01 million in FY2014. Despite the increase of share of loss of the joint venture and decrease in sales in some of the Malaysian and Indonesian subsidiaries in the ED coating segment, the New Subsidiary has contributed positively to the Group's results.

The increase in the income tax expense by approximately S$0.7 million was mainly due to the higher operating profit achieved by some of the Group's Malaysian subsidiaries and the New Subsidiary in FY2015.

Statements of Financial Position

The following comparative performance for both the Group's assets and liabilities are based on financial statements as at 30 September 2015 and 30 September 2014.

Non-Current Assets

The increase in the property, plant and equipment was mainly due to the consolidation of property, plant and equipment in the New subsidiary and higher level of property, plant and equipment from the Malaysian subsidiaries arising from (i) higher valuation of property and (ii) purchase of plant and equipment during the year. However, the increase was partly off-set by the annual depreciation of plant and equipment.

The decrease of the deferred tax assets was mainly due to the utilization of deferred tax assets to offset income tax in one of the Malaysian subsidiaries.

Goodwill of approximately S$338,000 was in relation to the acquisition of New subsidiary.

Working Capital

The working capital of the Group as at 30 September 2015 and as at 30 September 2014 are set out below:-

(S$'000)	As at 30 September 2015	As at 30 September 2014
Total current assets	51,567	13,037
Total current liabilities	35,717	5,870
Working capital	15,850	7,167

The Group had a positive working capital of approximately S$15.9 million as at 30 September 2015, as compared to approximately S$7.2 million as at 30 September 2014.

Current Assets

Inventories increased by approximately S$2.1 million mainly due to the consolidation of inventories in the New Subsidiary.

As at 30 September 2015, trade receivables amounted to S$38.0 million and other receivables amounted to S$0.6 million. The increased in trade and other receivables by approximately S$34.3 million was mainly due to the consolidation of trade and other receivables in the New Subsidiary.

Current Liabilities

Bank overdraft of approximately S$0.6 million arose from the New Subsidiary for working capital purposes.

The increase in trade and other payables of approximately S$1.8 million was mainly due to the consolidation of trade and other payables in the New Subsidiary.

The increase in the interest-bearing term loan of approximately S$27.1 million was mainly due to the increase in short term loan by the Company of approximately S$1 million and consolidation of short term loan in the New Subsidiary of approximately S$26.5 million.

Hire purchase creditors of approximately S$0.1 million arose from New Subsidiary for purchase of machinery and equipment.

The increase in current tax payable of approximately S$0.2 million was mainly due to the consolidation of current tax payable in the New Subsidiary.

Non-Current Liabilities

The increase of deferred tax liabilities of approximately S$0.6 million was mainly derived from the Malaysian subsidiaries in FY2015 due to reversal of deferred tax assets arising from the recognition of allowance of doubtful debts.

Hire purchase creditors of approximately S$0.2 million arose from New Subsidiary for purchase of machinery and equipment.

Cash Flow Analysis

The following comparative performance of the Group are based on financial statements for FY2015 and FY2014.

In FY2015, the Group generated net cash from operating activities before changes in working capital of approximately S$3.3 million and the net cash used for operating activities amounted to about S$1.0 million. This was mainly due to increase in trade receivables of approximately S$4.0 million and partially offset by operating profits of approximately S$3.3 million, increase in trade payable of S$0.2 million and payment of income tax of approximately S$0.6 million in FY2015.

Net cash used in investing activities amounted to approximately S$5.6 million in FY2015 which was mainly due to the acquisition of the New Subsidiary amounting to approximately S$5.5 million, capital expenditures for the purchase of property, plant and equipment amounting to approximately S$0.2 million. The increase was partially offset by the interest received from bank deposits of approximately S$0.1 million.

Net cash generated from financing activities amounted to approximately S$0.6 million in FY2015, which was mainly due to the proceeds obtained from bank loans amounting to approximately S$2.4million. The increase was partially offset by the repayment of bank interests and bank loans of approximately S$1.5 million.

As a result of the above, there was a net decrease of approximately S$6.0 million in cash and cash equivalents (after taking into account the effect of exchange rate changes on cash balances held in foreign currencies). The Group recorded a cash and cash equivalent balance of approximately S$9.9 million as at 30 September 2015.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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 second half of FY2015 results were impacted by the share of loss in the Malaysian joint venture, foreign exchange losses and also weaker commodities prices.

While the USD has stabilized at new levels against the currencies which we used to conduct our businesses, the general market sentiments remained weak and we expect the business prospects to be challenging.

The metal components and ED business segment continued to face challenges and management will seek new opportunities in different business sectors. The Group will be evaluating the possibilities and streamlining the existing entities in Malaysia and will also explore potential merger and acquisition activities, investment opportunities that will contribute to the Company's growth plans.

The acquisition of the 50% stake of SMC Industrial Pte Ltd has contributed positively to the Group's results. The prospects of trading of commodities segment will be challenging as it is dependent on the global demand for commodities.

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

Not applicable.

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

No dividend has been declared or recommended for FY2015.

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.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Provision of management and administrative services by SMC Industrial Pte Ltd (subsidiary of the Company) to SMC Technology Sdn Bhd and Hong Sheng (Qing Yuan) Metal Pte Ltd[1].	S$125,000	Not applicable

[1] Koh Mia Seng is the director of SMC Technology Sdn Bhd and Hong Sheng (Qing Yuan) Metal Pte Ltd.

14. Update on use of proceeds

The Company had raised net proceeds amounting to S$900,000 from the issuance of convertible notes on 30 October 2015.

As at the date of this announcement, the use of the proceeds from issuance of convertible notes is as follows:-

Intended Use of Proceeds	**Amount allocated (S$'000)**	**Amount utilised (S$'000)**	**Balance (S$'000)**
Business expansion and/or working capital	900,000	683,000[1]	217,000

[1] The breakdown of funds utilized as of 26 Nov 2015 is as follows:

- S$283,000 for down payment to a supplier to secure the purchase of commodities, i.e. copper and PCBs materials.
- S$400,000 for purchase of materials (i.e. copper and PCBs materials) for trading purposes

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		Commodities		Others		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue and expenses										
External revenue	2,348	2,778	13,140	15,190	86,139	-	105	61	101,732	18,029
Inter-segment revenue	44	47	208	1,641	-	-	770	1,447	1,022	3,135
Interest Income	1	1	11	17	134	-	1	5	147	23
Interest expense	(3)	(4)	-	-	(633)	-	(57)	(60)	(693)	(64)
Other material non-cash items										
Depreciation	(36)	(17)	(826)	(781)	(268)	-	(65)	(3)	(1,195)	(801)
Impairment losses on loans and receivables	-	-	-	-	-	-	-	-	-	-
Reversal of impairment losses on loans and receivables	-	-	-	-	-	-	-	-	-	-
Impairment of property, plant and equipment recognised in:										
- Profit or loss	-	-	222	(222)	-	-	-	-	222	(222)
- Other comprehensive income	-	-	517	(779)	-	-	-	-	517	(779)
Revaluation gain recognised in other comprehensive income	-	839	-	1,751	-	-	-	-	-	2,590
Reversal of revaluation deficit in prior years	-	-	-	275	-	-	-	-	-	275

Share of loss of joint venture	-	-	(871)	(178)	-	-	-	-	(871)	(178)
Reportable segment profit/(loss) before tax	625	(178)	42	1,148	1,127	-	(578)	(362)	1,028	608
Other segmental (loss)/profit									-	-
Reportable Segment assets	5,988	3,757	7,027	22,021	50,152	-	8,378	3,915	71,545	29,693
Equity-accounted investee	-	-	-	871	-	-	-	-	-	871
Capital Expenditure	3	20	140	560	91	-	-	1	234	581
Reportable segment liabilities	3,793	1,216	962	3,034	30,991	-	1,482	2,136	37,228	6,386

(b) Geographical Segments

	Singapore		Malaysia		Indonesia		Total operations	
	FY2015 S$'000	FY2014 S$'000	FY2015 S$'000	FY2014 S$'000	FY2015 S$'000	FY2014 S$'000	FY2015 S$'000	FY2014 S$'000
Revenue from external customers	**86,224**	**302**	**12,690**	**15,285**	**2,818**	**2,442**	**101,723**	**18,029**
Non-current assets	**7,724**	**-**	**8,620**	**13,655**	**3,634**	**3,574**	**23,765**	**17,679**

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	FY2015 S$'000	FY2014 S$'000	% Increase / (Decrease)
(a) Sales reported for first half year	32,762	8,608	280.5
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	784	5	NM
(c) Sales reported for second half year	68,970	9,421	632.1%
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	(680)	740	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 FY2015 and FY2014.

	FY2015 (S$'000)	FY2014 (S$'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 2015				
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 Wei Keong	34	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.
Xu Yi Rui	31	Nephew of Mr. Koh Mia Seng (Executive Director).	Assistant Manager of SMC Technology Thailand Co., Ltd since 1 March 2014. To oversee the daily operation and sales activities of SMC Technology Thailand Co., Ltd, where Mr Koh is the Director of the Company.	Not applicable.

BY ORDER OF THE BOARD

NEO GIM KIONG
CHIEF EXECUTIVE OFFICER
26 NOVEMBER 2015

*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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.