PNE MICRON HOLDINGS LTD

RCB REG. NO: 200105909M **GST REG. NO: 20-0105909-M**

Financial Statement And Dividend Announcement for the Half Year Ended 31 March 2015

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

	Group (Unaudited)		
	Half Year ended 31/03/2015 S$'000	**Half Year ended 31/03/2014 S$'000**	**Increase / (Decrease) %**
Revenue	32,762	8,608	280.6
Cost of sales	(28,922)	(6,167)	369.0
Gross profit	3,840	2,441	57.3
Other operating income	1,566	173	805.2
Distribution expenses	(416)	(281)	48.0
Administrative expenses	(3,303)	(2,060)	60.3
Other operating expenses	(324)	(43)	653.5
Results from operating activities	1,363	230	492.6
Finance costs	(220)	(33)	566.7
Share of loss of joint venture	(122)	(85)	43.5
Profit before income tax	1,021	112	811.6
Income tax expense	(237)	(107)	121.5
Profit for the period	784	5	15580.0
Attributable to:-			
Equity holders of the Company	207	9	2200.0
Non-controlling interests	577	(4)	NM
Profit for the period	784	5	15580.0

NM: Not Meaningful

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

	Group (Unaudited)		
	Half Year ended 31/03/2015 S$'000	Half Year ended 31/03/2014 S$'000	Increase / (Decrease) %
Profit for the period	784	5	15580.0
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(769)	41	NM
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	(76)	119	NM
Total other comprehensive (loss)/income for the period, net of income tax	(845)	160	NM
Total comprehensive (loss)/income for the period	(61)	165	(137.0)
Attributable to:-			
Equity holders of the Company	(638)	168	NM
Non-controlling interests	577	(3)	NM
Total comprehensive (loss)/income for the period	(61)	165	(137.0)

NM: Not Meaningful

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

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

	Group (Unaudited)		
	Half Year ended 31/03/2015 S$'000	Half Year ended 31/03/2014 S$'000	Increase / (Decrease) %
Other income	(310)	(165)	88.0
Interest income	(18)	(8)	125
Interest expense	220	33	566.7
Depreciation of property, plant and equipment	497	396	25.5
Gain on disposal of property, plant and equipment	-	(86)	NM
Foreign exchange (gain)/loss, net	(937)	25	NM
Loss of stock	11	-	NM
Provision for obsolete inventories written-down/(back)	14	(103)	NM
Property, plant and equipment written-off	10	-	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	
	31/03/2015 (Unaudited) S$'000	30/09/2014 (Audited) S$'000	31/03/2015 (Unaudited) S$'000	30/09/2014 (Audited) S$'000
Non-current assets				
Property, plant and equipment	17,846	16,358	-	-
Goodwill	3,633	-	-	-
Subsidiaries	-	-	24,190	16,421
Joint venture	704	871	-	-
Deferred tax assets	145	152	-	-
Other receivables	-	146	-	-
	22,328	17,527	24,190	16,421
Current assets				
Current tax assets	20	-	-	-
Inventories	3,196	955	-	-
Trade and other receivables	36,866	4,205	5,498	1,189
Cash and cash equivalents	10,615	7,877	239	4,299
	50,697	13,037	5,737	5,488
Total assets	73,025	30,564	29,927	21,909
Equity attributable to owners of the Company				
Share capital	36,524	30,639	36,524	30,639
Merger deficit	(3,454)	(3,454)	-	-
Translation reserve	(4,078)	(3,233)	-	-
Revaluation reserve	4,946	4,946	-	-
Accumulated losses	(4,548)	(4,755)	(10,289)	(10,930)
	29,390	24,143	26,235	19,709
Non-controlling interests	8,311	35	-	-
Total equity	37,701	24,178	26,235	19,709
Non-current liabilities				
Deferred tax liabilities	534	516	-	-
Financial liabilities	1,402	1,311	1,140	1,311
	1,936	1,827	1,140	1,311
Current liabilities				
Trade and other payables	6,034	3,674	1,982	364
Financial liabilities	26,914	616	570	525
Current tax payable	440	269	-	-
	33,388	4,559	2,552	889
Total liabilities	35,324	6,386	3,692	2,200
Total equity and liabilities	73,025	30,564	29,927	21,909

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 31/03/2015 (Unaudited)		As at 30/09/2014 (Audited)	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
26,914	-	616	-

Amount repayable after one year.

As at 31/03/2015 (Unaudited)		As at 30/09/2014 (Audited)	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
1,402	-	1,311	-

Details of any collateral:-

The bank loans of approximately S$ 2,738,000 as at 31 March 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$ 2,982,000 as at 31 March 2015 (30 September 2014: S$ 3,096,000); and
(ii) Corporate guarantee given by the Company.

The banker acceptances of S$ 85,000 as at 31 March 2015 (30 September 2014: S$ 91,000) were secured on the following:-

(i) Mortgages over certain freehold land and buildings of the Group with a total carrying value of approximately S$ 2,100,000 as at 31 March 2015 (30 September 2014: S$ 2,198,000);
(ii) Deposits pledged with financial institutions of approximately S$ 40,000 as at 31 March 2015 (30 September 2014: S$ 44,000); and
(iii) Corporate guarantee given by the Company.

The trade facilities of S$ 24,196,000 and overdraft facility of S$ 992,000 as at 31 March 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$ 1,800,000 as at 31 March 2015 (30 September 2014: NIL) ;
(ii) Deposits pledged with financial institutions of approximately S$ 6,500,000 as at 31 March 2015 (30 September 2014: NIL); and
(iii) Personal guarantees from a director.

The finance leases of S$305,000 as at 31 March 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 immediately preceding financial year.

	Group (Unaudited) Half year ended	
	31/03/2015 S$'000	31/03/2014 S$'000
Operating activities		
Profit before income tax	1,021	112
Adjustments for:-		
Gain on disposal of property, plant and equipment	-	(86)
Depreciation of property, plant and equipment	497	396
Interest income	(18)	(8)
Interest expense	220	33
Loss of stock	11	-
Property, plant and equipment written-off	10	-
Provision for obsolete inventories written-down	14	-
Operating cash flow before working capital changes	1,755	447
Changes in working capital:-		
Inventories	(52)	114
Trade and other receivables	(3,293)	(215)
Trade and other payables	(7,032)	(200)
Cash generated (used in)/from operating activities	(8,622)	146
Income taxes paid	(316)	(89)
Net cash (used in)/from operating activities	(8,938)	57
Investing activities		
Acquisition of subsidiary	(3,915)	-
Interest received	18	8
Purchase of property, plant and equipment	(102)	(391)
Proceeds from disposal of property, plant and equipment	-	86
Investment in joint venture entity	-	(934)
Net cash used in investing activities	(3,999)	(1,231)
Financing activities		
Interest paid	(220)	(33)
Repayment of banker acceptances	(2)	(104)
Repayment of bank loan	(766)	(288)
Payment of finance lease liabilities	(22)	-
Net cash used in financing activities	(1,010)	(425)
Net decrease in cash and cash equivalents	(13,947)	(1,599)
Cash and cash equivalents at beginning of the period	15,370	7,917
Effect of exchange rate changes on cash balances held in foreign currencies	1,660	188
Cash and cash equivalents at end of the period	3,083	6,506
Cash at bank and in hand	3,540	6,506
Fixed deposits with financial institutions	7,075	40
	10,615	6,546
Fixed deposits pledged with financial institutions	(6,540)	(40)
Bank overdraft (secured)	(992)	-
Cash and cash equivalents at end of the period	3,083	6,506

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 (Unaudited)	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
At 1 October 2013	30,639	(3,454)	(3,824)	3,138	(5,507)	20,992	26	21,018
Total comprehensive income								
Profit for the period	-	-	-	-	9	9	(4)	5
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	-	-	40	-	-	40	1	41
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	119	-	-	119	-	119
Total other comprehensive income	-	-	159	-	-	159	1	160
Total comprehensive income/(loss) for the period	-	-	159	-	9	168	(3)	165
At 31 March 2014	30,639	(3,454)	(3,665)	3,138	(5,498)	21,160	23	21,183
At 1 October 2014	30,639	(3,454)	(3,233)	4,946	(4,755)	24,143	35	24,178
Total comprehensive income								
Profit for the period	-	-	-	-	207	207	577	784
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	-	-	(769)	-	-	(769)	-	(769)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	(76)	-	-	(76)	-	(76)
Total other comprehensive income	-	-	(845)	-	-	(845)	-	(845)
Total comprehensive income/(loss) for the period	-	-	(845)	-	207	(638)	577	(61)
Transaction with owners of the Company, recognised directly in equity								
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	7,699	7,699
Issue of share capital	5,885	-	-	-	-	5,885	-	5,885
Total	5,885	-	-	-	-	5,885	7,699	13,584
At 31 March 2015	36,524	(3,454)	(4,078)	4,946	(4,548)	29,390	8,311	37,701

Company (Unaudited)	Share capital S$'000	Accumulated losses S$'000	Total S$'000
At 1 October 2013	30,639	(12,418)	18,221
Total comprehensive income	-	150	150
At 31 March 2014	30,639	(12,268)	18,371
At 1 October 2014	30,639	(10,930)	19,709
Issue of share capital	5,885	-	5,885
Total comprehensive income	-	641	641
At 31 March 2015	36,524	(10,289)	26,235

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 31 March 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	5,885,000
Balance as at 31 March 2015	637,809,450	36,524,000

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$0.071 per share as the purchase consideration.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2015 and 31 March 2014.

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 31/03/2015	Company as at 30/09/2014
Total number of issued shares excluding treasury shares	637,809,450	554,809,450

There were no shares held as treasury shares as at 31 March 2015 and 30 September 2014.

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 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 auditing standard or practice (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 the Company's 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 reporting period as those used in the audited financial statements for the financial year ended 30 September 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 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 and revised FRS and INT FRS did not result in any substantial change to the Groupôs accounting policies and has no material impact on the Group's financial statements for the current financial period 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

Basic Earnings Per Shares ("EPS")	Group	
	Half Year ended 31/03/2015	Half Year ended 31/03/2014
Profit attributable to equity shareholders of the Company (S$)	207,000	9,000
Weighted average number of ordinary shares (in issue)	592,205,054	554,809,450
EPS (Basic) (in Singapore cents)	0.035	0.002

Diluted EPS	Group	
	Half Year ended 31/03/2015	Half Year ended 31/03/2014
Profit attributable to equity shareholders of the Company (S$)	207,000	9,000
Weighted average number of ordinary shares	592,205,054	554,809,450
EPS (Diluted) (in Singapore cents)	0.035	0.002

The basic and diluted EPS for the half year ended 31 March 2015 and 31 March 2014 were the same as there were no potentially dilutive ordinary shares in issue for 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 31/03/2015	As at 30/09/2014	As at 31/03/2015	As at 30/09/2014
Net assets value ("NAV") per ordinary share based on issued share capital as at the end of the period (in Singapore cents)	4.61	4.35	4.11	3.55
No. 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.

	Revenue				Profit/(Loss) Before Tax			
By Activities	Half year ended 31/03/2015	Half year ended 31/03/2014	Increase / (Decrease)		Half year ended 31/03/2015	Half year ended 31/03/2014	Increase / (Decrease)	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Metal Components & Tool and Die	1,195	1,344	(149)	(11.1)	279	46	233	506
Electro-Deposition ("ED") Coating Services	7,332	7,214	118	1.6	1,320	151	1,169	774
Trading of Commodities	24,235	-	24,235	NM	1,000	-	1,000	NM
Others	-	50	(50)	NM	(1,578)	(85)	(1,493)	1756
Total	32,762	8,608	24,154	280.6	1,021	112	909	812

NM: denotes Not Meaningful

The Groupøs revenue increased by approximately S$ 24.2 million or 280.6% from S$ 8.6 million in the half year ended 31 March 2014 (ï**HY2014**ð) to S$ 32.7 million in the half year ended 31 March 2015 (ï**HY2015**ð). The increase in revenue was mainly due to maiden revenue contributed from the new operating segment - trading of commodities. The acquisition of 50% interest in SMC Industrial Pte Ltd was completed in January 2015.

Subsequent to the completion of the acquisition of SMC Industrial Pte Ltd, the owner of SMC became a substantial shareholder of PNE Micron with 22.36% of ordinary voting shares, and was also appointed as an Executive Director of PNE Micron Group. The management has determined that PNE Micron has acquired control over SMC as it has the ability to direct the relevant activities of SMC, and the rights to variable returns from its involvement with SMC. SMC is therefore now classified as a subsidiary (the ï**New Subsidiary**ð) rather than a joint venture when the acquisition was first made.

The gross profit increased by approximately S$ 1.4 million or 57.3% from S$ 2.4 million in HY2014 to S$ 3.8 million in HY2015. However, the gross profit margin decreased from 28.4% in HY2014 to 11.7% in HY2015. The decrease in gross profit margin was mainly due to the low profit margin from the trading of commodities segment as compared to other operating segments.

Consequently, the Group recorded a higher profit before tax of approximately S$ 1.0 million in HY2015, as compared to approximately S$ 0.1 million in HY2014.

Metal components and tool and die operations

In HY2015, revenue from the metal stamping and tooling division decreased by approximately S$ 149,000 or approximately 11.1% as compared to HY2014 to S$1.2 million. This was mainly due to decrease in orders of metal components from existing customers during HY2015.

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 higher profit before tax of approximately S$ 279,000 in HY2015 as compared to a profit before tax of approximately S$ 46,000 in

HY2014.

ED coating and other secondary processes

Revenue from the ED coating division increased by approximately S$ 0.1 million or approximately 1.6% from approximately S$ 7.2 million in HY2014 to approximately S$ 7.3 million in HY2015. The higher revenue was mainly due to the increase in the provision of ED coating services to existing customers, who are mainly manufacturers of motorcycle components during HY2015. The ED coating division registered a higher profit before tax of approximately S$ 1.3 million in HY2015, as compared to a profit before tax of approximately S$ 0.2 million in HY2014. This was mainly due to the higher profit before tax achieved by Malaysian subsidiaries arising from higher demand from existing customers.

Trading of Commodities

The balance of approximately S$ 24 million of revenue and S$ 1 million of profit before tax were derived from trading of commodities in HY2015 from the New Subsidiary.

Other Operations

The losses before tax incurred from the other operations of approximately S$ 1.6 million were derived mainly from property holdings operation by a Malaysian subsidiary of approximately S$ 0.2 million, approximately S$ 0.7 million from the Company and balance of S$ 0.7 million from a Singapore subsidiary.

Other Income Statement Items

The increase in other operating income from S$ 0.2 million in HY2014 to S$ 1.6 million in HY2015 was mainly due to the foreign exchange gain from one of the Singapore subsidiaries.

The increase in administrative expenses from approximately S$2.1 million in HY2014 to S$3.3 million in HY2015, the increase in distribution expenses from approximately S$0.3 million in HY2014 to S$0.4 million in HY2015 were mainly incurred by the New Subsidiary.

The increase in depreciation of property, plant and equipment from approximately S$396,000 in HY2014 to S$497,000 in HY2015 was mainly due to the consolidation of property, plant and equipment in the New Subsidiary.

The share of loss of joint venture of S$122,000 incurred in HY2015 (HY2014: S$85,000) was mainly due to lower demand from existing customers of the joint venture company.

The increase in other operating expenses from approximately S$ 43,000 in HY2014 to approximately S$ 0.3 million in HY2015 was mainly due to the foreign exchange loss incurred by Indonesian subsidiaries.

The finance cost of S$ 220,000 incurred in HY2015 (HY2014: S$ 33,000) was mainly due to higher finance interests incurred for the increased in outstanding bank loans incurred by the New Subsidiary.

The increase in the income tax expense from approximately S$ 0.1 million in HY2014 to approximately S$ 0.2 million in HY2015 was mainly due to the increase in taxable income by some of the Singapore subsidiaries in HY2015.

Balance Sheet

Non-current Assets

The increase in the property, plant and equipment from approximately S$ 16.3 million as at 30 September 2014 to approximately S$ 17.9 million as at 31 March 2015 was mainly due to the consolidation of property, plant and equipment in the New Subsidiary.

The goodwill of approximately S$ 3.6 million was in relation to the acquisition of the New Subsidiary.

The investment in the joint venture company, PNE Teknicast Sdn. Bhd., had decreased from approximately S$ 0.9 million as at 30 September 2014 to S$ 0.7 million as at 31 March 2015 due to lower demand from existing

customers.

The deferred tax assets decreased marginally to S$ 145,000 as at 31 March 2015 (30 September 2014: S$ 152,000), mainly due to the translation difference arising the consolidation of one of the Malaysian subsidiaries.

Working Capital

The working capital of the Group as at 31 March 2015 and 30 September 2014 are set out below:-

(S$'000)	As at 31 March 2015	As at 30 September 2014
Total current assets	50,697	13,183
Total current liabilities	33,388	4,559
Working capital	17,309	8,624

The Group had positive working capital of approximately S$ 17.3 million as at 31 March 2015, as compared to approximately S$ 8.6 million as at 30 September 2014.

Current Assets

As at 31 March 2015, the Group's current assets amounted to approximately S$ 50.7 million (30 September 2014: S$ 13.2 million). The balance as at 31 March 2015 comprised mainly cash and cash equivalents of approximately S$ 10.6 million (30 September 2014: S$ 7.9 million), trade and other receivables of approximately S$ 36.9 million (30 September 2014: S$ 4.3 million) and inventories of approximately S$ 3.2 million (30 September 2014: S$ 1.0 million).

As at 31 March 2015, trade receivables amounted to S$ 33.6 million and other receivables amounted to S$ 3.3 million.

The increase in the cash and cash equivalents of approximately S$ 2.7 million, trade and other receivables of approximately S$ 32.7 million and inventories of approximately S$ 2.2 million in HY2015 was mainly due to the consolidation of the current assets in the New Subsidiary.

The increase of the current tax assets amounted to approximately S$20,000 (30 September 2014: NIL) was mainly due to the tax credits arising from Malaysian subsidiaries.

Non-Current Liabilities

As at 31 March 2015, the Group's non-current liabilities remained relatively unchanged at approximately S$ 1.9 million (30 September 2014: S$ 1.8 million).

Current Liabilities

As at 31 March 2015, the Group's current liabilities amounted to approximately S$ 33.3 million (30 September 2014: S$ 4.6 million). The balance as at 31 March 2015 comprised mainly trade and other payables of approximately S$ 6.0 million (30 September 2014: S$ 3.7 million), financial liabilities of approximately S$ 26.9 million (30 September 2014: S$ 0.6 million) and current tax payable of approximately S$ 0.4 million (30 September 2014: S$ 0.3 million).

The increase in the current financial liabilities of approximately S$ 26.3 million (30 September 2014: S$ 0.6 million) were mainly due to the increase in bank overdraft of approximately S$ 1 million, hire purchase liabilities S$ 44,000 and term loan of S$ 25 million as a results of consolidation of the current liabilities of the New Subsidiary.

The increase in trade and other payables of approximately S$ 2.3 million, financial liabilities of approximately S$ 26.3 million and current tax payable of approximately S$ 171,000 was mainly due to the consolidation of the current liabilities in the New Subsidiary.

The increase in deferred tax liabilities from S$ 516,000 as at 30 September 2014 to S$ 534,000 as at 31 March 2015 was mainly due to the consolidation of the deferred tax liabilities in the New Subsidiary.

Cash Flow Analysis

In HY2015, the Groupôs operating cash flow before changes in working capital amounting to approximately S$ 1.8 million and the net cash used in operating activities amounted to approximately S$ 8.9 million. This was mainly due to a decrease in trade and other payables by approximately S$ 7.0 million, increase in trade and other receivables by approximately S$ 3.3 million and the increase in inventories by approximately S$ 52,000 in HY2015. Also, income tax of approximately S$ 0.3 million was paid during HY2015.

Net cash used in investing activities amounted to approximately S$ 4.0 million in HY2015, mainly due to the acquisition of the New Subsidiary amounting to approximately S$ 3.9 million, capital expenditures for the purchase of property, plant and equipment amounting to approximately S$ 0.1 million. The increase was partially offset by the interest received from bank deposits of approximately S$ 18,000.

Net cash used in financing activities was approximately S$ 1.0 million in HY2015, which was mainly due to the repayment of bank loan of approximately S$ 0.8 million, payment of bank interest of approximately S$ 0.2 million, repayment of banker acceptances of approximately S$ 2,000 and repayment of finance lease liabilities amounted to approximately S$ 22,000.

As a result of the above, there was a net decrease of approximately S$ 13.9 million in cash and cash equivalents in HY2015. The Group recorded a cash and cash equivalent balance of approximately S$ 3.1 million as at 31 March 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 Directors expect the Group to continue to operate in a continuously challenging and uncertain business environment due to the continual increase in the raw material costs and higher labour costs.

The Group has also commenced its business in the resources sector with acquisition of 50% stake in SMC Industrial Pte Ltd. This has contributed to the improvement of Groupôs result.

The Group will continue to explore other business opportunities which will enhance long-term shareholdersôvalue, via mergers and acquisitions, divestment and partnering with long-term strategic investors, who can add value to the Groupôs existing business portfolio, as and when the opportunities arise.

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 recommended or declared for HY2015.

13. Use of proceeds from the Private Placement and exercise of Call Options

The use of the proceeds from the Private Placement and exercise of Call Options as at the date of this announcement is 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$'000)
1. Fund new investments and businesses involving the trading of resources	4,800	Re-deployment of S$ 1.1 million for the investment in PNE Teknicast Sdn. Bhd.	(1,050)[(1)]	-
		Utilised S$ 3.8 million for the acquisition of SMC Industrial Pte Ltd	(3,750)	
2. Expenses incurred in connection with the Private Placement and exercise of Call Options	240	Utilised for intended use	(240)	-
Total	**5,040**		**(5,040)**	-

Notes:-

(1) The total investment in PNE Teknicast Sdn. Bhd. by the Company was S$1,175,000. Part of the investment amounted to S$1,050,000 was funded by the proceeds from the Private Placement and exercise of Call Options, and the remaining S$125,000 was funded by internal resources.

14. 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 for recurrent interested person transactions. There were no interested person transactions with an amount of S$ 100,000 or more during HY2015.

Confirmation By The Board

We, the undersigned, do hereby confirm on behalf of the Board of PNE Micron Holdings Ltd that, to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results for the half year ended 31 March 2015 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

NEO GIM KIONG	**KOH MIA SENG**
CHIEF EXECUTIVE OFFICER	**EXECUTIVE DIRECTOR**

BY ORDER OF THE BOARD

CHAI LEE SHUN
COMPANY SECRETARY /
ACTING CHIEF FINANCIAL OFFICER
13 MAY 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.