



**PNE INDUSTRIES LTD**

(Company registration no. 199905792R)

**PNE INDUSTRIES LTD AND ITS SUBSIDIARIES**

**Registration Number: 199905792R**

CONDENSED FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

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**A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE FULL YEAR ENDED 30 SEPTEMBER**

	<b>Group</b>		
	<u>30-09-21</u> <u>\$'000</u>	<u>30-09-20</u> <u>\$'000</u>	<u>+ / (-)</u> <u>%</u>
Revenue	64,644	85,844	(24.7)
Cost of sales	<u>(52,317)</u>	<u>(65,937)</u>	(20.7)
Gross profit	12,327	19,907	(38.1)
Other operating income	1,016	1,489	(31.8)
Distribution costs	(1,979)	(2,335)	(15.2)
Administrative expenses	(9,953)	(10,438)	(4.6)
Other operating expenses	(724)	(624)	16.0
Share of results of associate	55	61	(9.8)
Finance costs	<u>(65)</u>	<u>(42)</u>	54.8
Profit for the year	677	8,018	(91.6)
Income tax expense	<u>(1,456)</u>	<u>(1,824)</u>	(20.2)
<b>(Loss) Profit for the year</b>	<u>(779)</u>	<u>6,194</u>	n.m.
<b>Other comprehensive income:</b>			
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Net fair value loss on financial assets at FVTOCI	(330)	(568)	(41.9)
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Exchange difference arising on translation of foreign operations	<u>496</u>	<u>(201)</u>	n.m.
Other comprehensive income for the year, net of tax	166	(769)	n.m.
<b>Total comprehensive income for the year</b>	<u><b>(613)</b></u>	<u><b>5,425</b></u>	n.m.
<b>Earnings per share (cents)</b>			
Basic and diluted	<u><b>(0.9)</b></u>	<u><b>7.4</b></u>	n.m.

**B. CONDENSED STATEMENTS OF FINANCIAL POSITION**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>30-09-21</u>	<u>30-09-20</u>	<u>30-09-21</u>	<u>30-09-20</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		38,740	43,184	22,895	24,915
Trade receivables		20,629	33,137	-	-
Other receivables		1,584	1,134	537	555
Inventories		23,122	17,325	-	-
Total current assets		<u>84,075</u>	<u>94,780</u>	<u>23,432</u>	<u>25,470</u>
<b>Non-current assets</b>					
Property, plant and equipment	9	5,321	5,597	-	-
Right-of-use assets		4,710	1,718	-	-
Investments in subsidiaries		-	-	19,514	19,514
Investment in associate		570	525	-	-
Financial assets at fair value through other comprehensive income	10	127	454	119	84
Deferred tax assets		442	397	-	-
Total non-current assets		<u>11,170</u>	<u>8,691</u>	<u>19,633</u>	<u>19,598</u>
<b>Total assets</b>		<u><b>95,245</b></u>	<u><b>103,471</b></u>	<u><b>43,065</b></u>	<u><b>45,068</b></u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		13,329	16,525	58	22
Other payables		2,436	3,082	532	642
Lease liabilities		778	593	-	-
Income tax payable		661	1,727	9	55
Total current liabilities		<u>17,204</u>	<u>21,927</u>	<u>599</u>	<u>719</u>
<b>Non-current liabilities</b>					
Lease liabilities		2,992	8	-	-
Deferred tax liabilities		36	36	-	-
Total non-current liabilities		<u>3,028</u>	<u>44</u>	<u>-</u>	<u>-</u>
<b>Capital and reserves</b>					
Share capital	12	36,991	36,991	36,991	36,991
Currency translation reserve		660	164	-	-
Capital reserve		938	642	-	-
Investment revaluation reserve		(944)	(614)	27	(5)
Accumulated profits		37,368	44,317	5,448	7,363
Equity attributable to equity holders of the Company, representing total equity		<u>75,013</u>	<u>81,500</u>	<u>42,466</u>	<u>44,349</u>
<b>Total liabilities and equity</b>		<u><b>95,245</b></u>	<u><b>103,471</b></u>	<u><b>43,065</b></u>	<u><b>45,068</b></u>

**C. CONDENSED STATEMENTS OF CHANGES IN EQUITY**

	<u>Share capital</u> <u>\$'000</u>	<u>Currency translation reserve</u> <u>\$'000</u>	<u>Capital reserve</u> <u>\$'000</u>	<u>Investment revaluation reserve</u> <u>\$'000</u>	<u>Accumulated profits</u> <u>\$'000</u>	<u>Total attributable to equity holders of the Company</u> <u>\$'000</u>
<b>GROUP</b>						
Balance at October 1, 2019	36,991	365	501	(171)	45,942	83,628
Total comprehensive income for the year						
Profit for the year	-	-	-	-	6,194	6,194
Other comprehensive income for the year	-	(201)	-	(568)	-	(769)
Total	-	(201)	-	(568)	6,194	5,425
Transaction with owners, recognised directly in equity						
Dividends	-	-	-	-	(7,553)	(7,553)
Transfer to reserve fund	-	-	141	-	(141)	-
Total	-	-	141	-	(7,694)	(7,553)
Transfer of investment revaluation reserve of equity instrument at FVTOCI upon disposal	-	-	-	125	(125)	-
Balance at September 30, 2020	36,991	164	642	(614)	44,317	81,500
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(779)	(779)
Other comprehensive income for the year	-	496	-	(330)	-	166
Total	-	496	-	(330)	(779)	(613)
Transaction with owners, recognised directly in equity						
Dividends	-	-	-	-	(5,874)	(5,874)
Transfer to reserve fund	-	-	296	-	(296)	-
Total	-	-	296	-	(6,170)	(5,874)
<b>Balance at September 30, 2021</b>	<b>36,991</b>	<b>660</b>	<b>938</b>	<b>(944)</b>	<b>37,368</b>	<b>75,013</b>

	<u>Share capital</u> <u>\$'000</u>	<u>Investment revaluation reserve</u> <u>\$'000</u>	<u>Accumulated profits</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<b>COMPANY</b>				
Balance at October 1, 2019	36,991	(179)	10,100	46,912
Total comprehensive income for the year				
Profit for the year	-	-	4,941	4,941
Other comprehensive income for the year	-	49	-	49
Total	-	49	4,941	4,990
Dividends, representing transaction with owners, recognised directly in equity	-	-	(7,553)	(7,553)
Transfer of investment revaluation reserve of equity instrument at FVTOCI upon disposal	-	125	(125)	-
Balance at September 30, 2020	36,991	(5)	7,363	44,349
Total comprehensive income for the year				
Profit for the year	-	-	3,959	3,959
Other comprehensive income for the year	-	32	-	32
Total	-	32	3,959	3,991
Dividends, representing transaction with owners, recognised directly in equity	-	-	(5,874)	(5,874)
<b>Balance at September 30, 2021</b>	<b>36,991</b>	<b>27</b>	<b>5,448</b>	<b>42,466</b>

**D. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended:	<u>30-09-21</u>	<u>30-09-20</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Operating activities</b>		
Profit before tax	677	8,018
Adjustments for:		
Share of results of associate	(55)	(61)
Depreciation of property, plant and equipment	815	810
Depreciation of right-of-use assets	889	745
Reversal of impairment on property, plant and equipment	-	(10)
Interest income	(202)	(548)
Dividend income	(3)	(3)
Finance cost	65	42
Gain on disposal of property, plant and equipment	(2)	(10)
Property, plant and equipment written off	55	10
(Reversal of) Loss allowance recognised on trade receivables	(28)	99
(Reversal of) Allowance for inventory obsolescence (net)	(646)	587
Operating profit before movements in working capital	1,565	9,679
Trade receivables	13,221	(1,682)
Other receivables	(431)	(93)
Inventories	(4,998)	2,171
Trade payables	(2,860)	515
Other payables	(611)	(63)
Cash from operations	5,886	10,527
Interest received	202	548
Interest paid	(65)	(42)
Income tax paid	(2,552)	(1,507)
Net cash from operating activities	3,471	9,526
<b>Investing activities</b>		
Dividend received from associate	-	112
Dividends received from equity instruments held at FVTOCI	3	3
Proceeds from disposal of equity instruments held at FVTOCI	-	866
Proceeds from disposal of property, plant and equipment	21	13
Purchase of property, plant and equipment	(519)	(1,034)
Purchase of equity instruments held at FVTOCI	-	(89)
Net cash used in investing activities	(495)	(129)
<b>Financing activities</b>		
Dividends paid	(5,874)	(7,553)
Fixed deposits and bank balances pledged	-	1
Repayment of lease liabilities	(724)	(687)
Net cash used in financing activities	(6,598)	(8,239)
Net (decrease) increase in cash and cash equivalents	(3,622)	1,158
Cash and cash equivalents at beginning of year	43,021	41,300
Net effect of foreign exchange rate changes	(821)	563
<b>Cash and cash equivalents at end of year</b>	<b>38,578</b>	<b>43,021</b>
<b>Cash and cash equivalents represent:</b>		
Cash and bank balances	11,952	15,098
Fixed deposits	26,788	28,086
	38,740	43,184
Less: Fixed deposits and bank balances pledged	(162)	(163)
	38,578	43,021

## **E. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

PNE Industries Ltd (the “Company”) is incorporated and domiciled in Singapore. Its shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). Its principal place of business and registered office is at 996 Bendemeer Road, #07-06, Singapore 339944. The condensed consolidated financial statements for the financial year ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is investment holding.

The principal activities of the significant subsidiaries are those relating to manufacture, dealer and trading of electrical and electronic products and appliances.

### **2. BASIS OF PREPARATION**

The condensed financial statements for the full year ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting and should be read in conjunction with the Group’s audited financial statements as at and for the year ended 30 September 2020. SFRS(I) are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”). The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Singapore Dollars (“\$”), the functional currency of the Company. All financial information presented in Singapore Dollars has been rounded to the nearest thousand (“\$’000”), unless otherwise stated.

#### **2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and Interpretations (“SFRS(I) INTs”) that are mandatory for the accounting periods beginning on or after 1 October 2020. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current and prior financial period reported on.

#### **2.2 USE OF JUDGEMENTS AND ESTIMATES**

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2020. Details can be found in Note 3 to the annual financial statements for the year ended 30 September 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revisions affect only that period, or in the period of the revisions and future periods, if the revisions affect both current and future periods.

### 3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 4. SEGMENT AND REVENUE INFORMATION

#### 4.1 Reportable segments

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their products on which information is prepared and reportable to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance.

The Group's reportable segments are therefore contract manufacturing, trading and others, as described below:

Contract manufacturing - The products sold include electronic controllers and electronic and electrical products.

Trading - The products sold include emergency lighting equipment and related products.

Others - Refer to others which do not fall into the above segments.

Information regarding the Group's reporting segments is presented below.

	<u>Group</u>		<u>Group</u>	
	<u>Revenue</u>		<u>Profit</u>	
	<u>30-09-21</u>	<u>30-09-20</u>	<u>30-09-21</u>	<u>30-09-20</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Contract Manufacturing	57,686	78,726	440	6,843
Trading	6,952	7,115	413	658
Others	6	3	(368)	(50)
<b>Total</b>	<b>64,644</b>	<b>85,844</b>	<b>485</b>	<b>7,451</b>
Interest income			202	548
Share of results of associate			55	61
Finance costs			(65)	(42)
Profit before tax			677	8,018
Income tax expense			(1,456)	(1,824)
<b>(Loss) Profit for the year</b>			<b>(779)</b>	<b>6,194</b>
			<u>Group</u>	
			<u>30-09-21</u>	<u>30-09-20</u>
			<u>\$'000</u>	<u>\$'000</u>
<u>Segment assets</u>				
Contract manufacturing			51,408	54,821
Trading			3,699	3,979
Others			830	636
<b>Total segment assets</b>			<b>55,937</b>	<b>59,436</b>
Unallocated			39,308	44,035
<b>Consolidated assets</b>			<b>95,245</b>	<b>103,471</b>



#### 4. SEGMENT AND REVENUE INFORMATION (CONT'D)

##### 4.1 Reportable segments (Cont'd)

<u>Segment liabilities</u>		
Contract manufacturing	14,316	17,568
Trading	901	1,389
Others	548	650
Total segment liabilities	15,765	19,607
Unallocated	4,467	2,364
<b>Consolidated liabilities</b>	<b>20,232</b>	<b>21,971</b>

##### 4.2 Disaggregation of Revenue

The Group derives its revenue from the transfer of goods at a point in time in the following major product lines.

	<b>Group</b>	
	<b>30-09-21</b>	<b>30-09-20</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract Manufacturing	57,686	78,726
Trading	6,952	7,115
Others	6	3
	<b>64,644</b>	<b>85,844</b>

	<b>Group</b>	
	<b>30-09-21</b>	<b>30-09-20</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Geographical information:</u></b>		
Romania	27,030	25,092
Netherlands	10,374	14,809
Europe (excluding Romania and Netherlands)	7,819	12,186
People's Republic of China	4,878	19,812
Malaysia	5,341	5,593
Singapore	4,360	3,563
Others	4,842	4,789
	<b>64,644</b>	<b>85,844</b>

The decline in sales to the People's Republic of China is due to lower orders from a China customer as a result of its destocking exercise.

## 5. PROFIT BEFORE TAX

### 5.1 SIGNIFICANT ITEMS

	<b>Group</b>	
	<b>30-09-21</b>	<b>30-09-20</b>
	<b>\$'000</b>	<b>\$'000</b>
Other income - interest income	202	548
- others	784	921
Depreciation of property, plant and equipment	(815)	(810)
Depreciation of right-of-use assets	(889)	(745)
Reversal of loss (Loss allowance) recognised on trade receivables	28	(99)
Reversal of (Allowance for) inventory obsolescence	646	(587)
Foreign exchange loss, net	(558)	(487)
Adjustment for (under) over provision of tax in respect of prior years	(924)	96
Gain on disposal of property, plant and equipment	2	10
Property, plant and equipment written off	(55)	(10)
Reversal of impairment on plant and equipment	-	10
	<b>_____</b>	<b>_____</b>

## 6. INCOME TAX EXPENSE

	<b>Group</b>	
	<b>30-09-21</b>	<b>30-09-20</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax:		
Singapore	144	372
Foreign	491	1,667
Deferred tax	(103)	(119)
Under (Over) provision in prior years:		
Current tax	854	-
Deferred tax	70	(96)
	<b>_____</b>	<b>_____</b>
	<b>1,456</b>	<b>1,824</b>
	<b>=====</b>	<b>=====</b>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2020 : 17%) to profit before tax as a result of the following differences:

	<b>Group</b>	
	<b>30-09-21</b>	<b>30-09-20</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	677	8,018
Income tax expense at statutory rate	115	1,363
Non-deductible (Non-taxable) items	156	42
Effects of different tax rates of overseas operations	276	535
Exempt income	(17)	(54)
Under (Over) provision of taxes in prior years	924	(96)
Others	2	34
	<b>_____</b>	<b>_____</b>
	<b>1,456</b>	<b>1,824</b>
	<b>=====</b>	<b>=====</b>

## 7. EARNINGS PER SHARE

	Year ended 30 September 2021	Year ended 30 September 2020
Profit per ordinary share of the Group after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue	(0.9 cents)	7.4 cents
Number of ordinary shares	83,916,757	83,916,757
(b) On a fully diluted basis	(0.9 cents)	7.4 cents
Adjusted number of ordinary shares	83,916,757	83,916,757

## 8. NET ASSET VALUE

	Group	Company
Net asset value per ordinary share based on issued share capital as at the end of the:		
(a) Current period reported on (30 September 2021)	89.3 cents	50.6 cents
(b) Immediately preceding financial year (30 September 2020)	97.1 cents	52.8 cents

## 9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 September 2021, the Group acquired assets amounting to \$519,000 (2020: \$1,034,000) and disposed of assets amounting to \$186,000 (2020: \$33,000).

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>Group</u>		<u>Company</u>	
	<u>30-09-21</u> <u>\$'000</u>	<u>30-09-20</u> <u>\$'000</u>	<u>30-09-21</u> <u>\$'000</u>	<u>30-09-20</u> <u>\$'000</u>
Investments in equity instruments designated at FVTOCI:				
Quoted equity shares	119	84	119	84
Unquoted equity shares	8	370	-	-
	<u>127</u>	<u>454</u>	<u>119</u>	<u>84</u>

These investments in equity instruments are not held for trading. Instead they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the financial year, the Group engaged an independent valuer to perform valuation on its unquoted equity shares and recognised a fair value loss in OCI amounted to \$362,000.

## 11. BANK BORROWINGS AND DEBT SECURITIES

### (a) Amount repayable in one year or less, or on demand

As at September 30, 2021		As at September 30, 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	778*	Nil	593*

### (b) Amount repayable after one year

As at September 30, 2021		As at September 30, 2020	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	2,992*	Nil	8*

\* Being lease liabilities on right-of-use assets.

### (c) Details of any collateral

Approximately \$162,000 (2020: \$163,000) of the Group's fixed deposits is pledged to a bank in return for bank guarantees issued to third parties.

## 12. SHARE CAPITAL

	<b>Group and Company</b>			
	<u>30-09-21</u> <u>'000</u>	<u>30-09-20</u> <u>'000</u>	<u>30-09-21</u> <u>\$'000</u>	<u>30-09-20</u> <u>\$'000</u>
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of year	83,917	83,917	36,991	36,991

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

There were no outstanding convertibles or treasury shares as at the end of the current and previous financial years.

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

The Company does not have any share scheme.

## 13. SUBSEQUENT EVENTS

There are no known subsequent events which led to adjustments to this set of financial statements.

## **F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

### **1. REVIEW**

**(a) 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 our auditors.

**(b) Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**(c) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- i. Updates on the efforts taken to resolve each outstanding audit issue.**
- ii. Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

### **2. REVIEW OF PERFORMANCE OF THE GROUP**

#### **Statement of Comprehensive Income**

For the year ended September 30, 2021 ("FY21"), the Group recorded revenue and profit before tax of \$64.6m and \$0.7m respectively.

Revenue declined \$21.2m or 25% vs FY20 due mainly to lower Contract Manufacturing sales. Sales were affected by lower customer orders and delays due to the global shortage of electronic components. There were also delays in delivering finished goods to customers due to difficulties getting bookings for shipments to overseas.

FY21 gross profit declined \$7.6m vs FY20, with gross profit margin reducing to 19.1% in FY21 from 23.2% in FY20. With lower sales, the Group enjoyed less benefits from economies of scale. Margins were also affected by a poorer product mix as well as higher component costs arising from the global shortage of components. The decline in gross profit is mitigated by a \$0.6m reversal of inventory allowances in FY21, as opposed to a \$0.6m allowance made in FY20.

Distribution costs declined \$0.4m due to lower sales.

Administrative expenses declined \$0.5m due to the lower level of operations.

Other operating income fell \$0.5m due mainly to a reduction in interest income as interest rates on fixed deposits were lower during the year.

Income tax expense for the year included \$0.8m arising on the Group's subsidiary in China pursuant to a transfer pricing review on it in respect of prior years. This amount comprises of \$0.5m of taxes as well as \$0.3m of interest charges.

As a result of the above, the Group reported a loss after tax of \$0.8m for the year.

The Group also incurred a \$0.4m fair value loss on its investment in DSP Innovation BV ("DSP"), based on a valuation carried out by an independent external valuer. This loss has been recorded under other comprehensive income.

## **2. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)**

### **Statement of Financial Position**

Trade receivables declined by \$12.5m vs September 30, 2020 in line with lower sales.

Although sales declined, inventories rose \$5.8m due to delays in shipments to customers, as well as more buffer stocks being held to reduce the impact from supply chain disruptions.

Trade payables declined by \$3.2m due to lower purchases in line with the reduction in sales, offset partially by higher purchases of buffer stocks.

Right-of-use assets and lease liabilities rose due to new leases entered into during the year prior to the expiry of leases for the premises used by the Group.

Cash balance reduced \$4.4m during the year due to lower cash generated from operating activities.

The Group has no bank borrowings. The lease liabilities are all attributable to right-of-use assets that have been recognised during the year pursuant to SFRS(I) 16 Leases.

## **3. WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS**

Not applicable.

## **4. COMMENTARY 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 Covid-19 pandemic is still on-going globally, and there is no certainty on when the pandemic will end and normal business activities can fully resume. The Group remains concerned about the possibility of a full or partial lockdown in future affecting the Group's operations and results. Thus, the Group has continued to strictly enforce safety measures such as social distancing, mask-wearing, and frequent sanitization etc on its premises to minimize the risks and spread of possible infections, and also stepped up on measures to enhance its ability to manage possible disruptions to its operations.

The global chip shortage has also resulted in longer lead times and higher costs for some of the components that the Group is purchasing, and the Group's margin in future may be affected if it is not able to pass on the higher costs to its customers. The Group actively liaises with both its customers and suppliers to better manage its costs and supply chain.

The Group continues to face intense pressures from customers for lower pricing on its products, as well as cost pressures in China and Malaysia, where its manufacturing operations are based in. The Group continuously monitors its activities to enforce stringent control of its costs and to identify opportunities to streamline operations for better efficiencies and operational excellence.

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

## 5. DIVIDEND INFORMATION

The directors are pleased to propose as follows:

<b>Current period reported on:</b>		
Type of dividend	Final	Special
Amount per share	3.0 cents	Nil
Tax rate	One-tier tax exempt	One-tier tax exempt
<b>Corresponding period of previous financial year:</b>		
Type of dividend	Final	Special
Amount per share	3.0 cents	2.0 cents
Tax rate	One-tier tax exempt	One-tier tax exempt

Payment of the dividend, if approved by the shareholders at the forthcoming Annual General Meeting of the Company, will be made on 18 February 2022.

Notice is hereby given that the Share Transfer Books and Register of Members of PNE Industries Ltd will be closed at 5.00 p.m. on 27 January 2022 for the preparation of dividend entitlement and shall reopen on the following working day.

Duly completed and stamped registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 27 January 2022 will be registered to determine shareholders' entitlements to the said dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 27 January 2022 will be entitled to the proposed dividend.

### **Breakdown of total annual dividend**

	Latest Full Year ended September 30, 2021 (One-tier tax exempt dividend*)	Previous Full Year ended September 30, 2020 (One-tier tax exempt dividend*)
Ordinary	\$4,195,838	\$6,713,341
Preference	-	-
Total:	\$4,195,838	\$6,713,341

\* Includes interim dividends declared and paid during the financial year, as well as final dividend recommended in respect of that financial year, but payable/paid in the following financial year.

## 6. BREAKDOWN OF SALES AND PROFIT

		Latest financial year \$'000	Previous financial year \$'000	% increase / (decrease)
(a)	Sales reported for first half year	33,373	37,190	(10.3)
(b)	Operating profit after tax before deducting minority interests reported for first half year	(815)	1,229	n.m.
(c)	Sales reported for second half year	31,271	48,654	(35.7)
(d)	Operating profit after tax before deducting minority interests reported for second half year	36	4,965	(99.3)

## 7. INTERESTED PERSON TRANSACTIONS

No IPT mandate has been obtained.

**8. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL OF THE SGX-ST**

<b>Name</b>	<b>Age</b>	<b>Family relationship</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Bee Foon	61	Sister of all directors (except independent directors)	General Manager in Human Resource and Administration - in charge of human resource management and general admin matters. - Position held since 1 <sup>st</sup> Jan 2000.	No changes
Eugene Tan Wei Kang	50	Nephew of all directors (except independent directors)	Senior Manager – Business Development of PNE Appliance Controls Pte Ltd. - in charge of developing new business for the company. - Position held since 1 <sup>st</sup> Jul 2006.	No changes
Tan Meng Siew	49	Daughter of chairman, Mr Tan Kong Heng, niece of all other directors (except independent directors)	Financial Controller - in charge of finance and accounting functions. - Position first held in 1999. Also appointed as Company Secretary on 31 <sup>st</sup> Dec 2004.	No changes

**9. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL OF THE SGXST**

The Company has obtained undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1).

**10. CONFIRMATION BY BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL OF THE SGXST**

Not applicable for full year results announcement.

**BY ORDER OF THE BOARD**

**Ms Tan Meng Siew**  
Company Secretary  
November 25, 2021