**PNE MICRON HOLDINGS LTD**
Registration No. 200105909M
(Incorporated in the Republic of Singapore)

**VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015**

The Board of Directors of PNE Micron Holdings Ltd (the "**Company**") and together with its subsidiaries (the "**Group**") refers to the unaudited full year results announcement for the financial year ended 30 September 2015 ("**FY2015**") released on 26 November 2015 (the "**Unaudited Full Year Results**").

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain variances between the audited financial statements of FY2015 and the Unaudited Full Year Results following the finalisation of the audit. Details and clarifications of the variances are set out as follows:

**1. Consolidated Statement of Profit or Loss and Other Comprehensive Income for FY2015**

| | Group | | | | |
|---|---|---|---|---|---|
| | Unaudited 2015 $'000 | Audited 2015 $'000 | Variances $'000 | Change % | Note |
| Revenue | 101,732 | 101,732 | - | - | |
| Cost of sales | (92,161) | (92,161) | - | - | |
| Gross profit | 9,571 | 9,571 | - | - | |
| Other operating income | 2,575 | 2,575 | - | - | |
| Distribution costs | (939) | (939) | - | - | |
| Administrative expenses | (7,680) | (7,680) | - | - | |
| Other operating expenses | (935) | (935) | - | - | |
| Share of loss of joint venture | (871) | (871) | - | - | |
| Finance costs | (693) | (693) | - | - | |
| Profit before tax | 1,028 | 1,028 | - | - | |
| Income tax expense | (924) | (924) | - | - | |
| **Profit for the year** | 104 | 104 | - | - | |
| **Profit (Loss) attributable to:** | | | | | |
| Owners of the Company | (266) | (226) | 40 | -15 | 1 |
| Non-controlling interests | 370 | 330 | (40) | -11 | 1 |
| | 104 | 104 | - | - | |
| **Earnings per share** | | | | | |
| Basic and diluted (cents) | (0.04) | (0.04) | - | - | |

| | | | | | |
|---|---|---|---|---|---|
| **Other comprehensive (loss) income:** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | | |
| Revaluation of properties | 113 | 1,004 | 891 | 788 | 2 |
| Reversal of (Impairment of) properties | 517 | 779 | 262 | 51 | 3 |
| | 630 | 1,783 | 1,153 | 183 | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | |
| Exchange differences on translation of foreign operations | (3,205) | (4,218) | (1,013) | 32 | 4 |
| **Other comprehensive (loss) income for the year, net of tax** | (2,575) | (2,435) | 140 | -5 | 4 |
| **Total comprehensive (loss) income for the year** | (2,471) | (2,331) | 140 | -6 | |
| **Total comprehensive (loss) income attributable to:** | | | | | |
| Owners of the Company | (2,841) | (2,894) | (53) | 2 | |
| Non-controlling interests | 370 | 563 | 193 | 52 | |
| | (2,471) | (2,331) | 140 | -6 | |

## 2. Consolidated Statement of Cash Flows for FY2015

| | Unaudited 2015 $'000 | Audited 2015 $'000 | Variances $'000 | Change % | Note |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Profit before income tax | 1,028 | 1,028 | - | - | |
| Adjustments for: | | | | | |
| Share of loss of joint venture | 871 | 871 | - | - | |
| Write down of inventories | - | - | - | - | |
| Allowance for inventories | 4 | 4 | - | - | |
| Expenses from issuance of ordinary shares | 8 | - | (8) | NA | |
| Bad debts written off on other receivables | 8 | 8 | - | - | |
| Interest income | (147) | (148) | (1) | 1 | |
| Interest expense | 692 | 693 | 1 | 0 | |
| Depreciation of property, plant and equipment | 1,195 | 1,084 | (111) | -9 | |
| Impairment loss of property, plant and equipment | - | 18 | 18 | NA | |
| (Reversal of)/Impairment loss of property, plant and equipment | (222) | (222) | - | - | |
| Reversal of allowance for loans and receivables | - | - | - | - | |
| Net foreign exchange loss | (148) | (56) | 92 | -62 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| Loss(Gain) on disposal of property, plant and equipment | 6 | 6 | - | - | |
| Property, plant and equipment written-off | 11 | 12 | 1 | 9 | |
| Loss on land and building revaluation | 13 | - | (13) | NA | |
| Reversal of revaluation deficit recognised in prior years | - | - | - | - | |
| Operating cash flows before movements in working capital | 3,319 | 3,298 | (21) | -1 | |
| Trade and other receivables | (3,954) | (4,089) | (135) | 3 | |
| Inventories | (38) | (38) | - | - | |
| Trade and other payables | 244 | 853 | 609 | 250 | 6 |
| Trade bills and banker acceptances | - | 2,737 | 2,737 | NA | 7 |
| Cash (used in) generated from operations | (429) | 2,761 | 3,190 | -744 | |
| Income taxes paid | (568) | (597) | (29) | 5 | |
| Net cash (used in) from operating activities | (997) | 2,164 | 3,161 | -317 | |
| **Investing activities** | | | | | |
| Interest received | 147 | 148 | 1 | 1 | |
| Expenses from issuance of ordinary shares | - | (8) | (8) | NA | |
| Proceeds on disposal of property, plant and equipment | 1 | 1 | - | - | |
| Purchase of plant and equipment | (234) | (187) | 47 | -20 | 8 |
| Investment in joint venture | - | - | - | - | |
| Increase in pledged deposits with financial institutions | - | - | - | - | |
| Acquisition of a subsidiary | (5,407) | (5,234) | 173 | -3 | |
| Acquisition of non-controlling interests in a subsidiary | (61) | (61) | - | - | |
| Net cash used in investing activities | (5,554) | (5,341) | 213 | -4 | |
| **Financing activities** | | | | | |
| Interest paid | (692) | (693) | (1) | 0 | |
| Interest received | - | - | - | - | |
| Repayments of borrowings | (852) | (1,903) | (1,051) | 123 | 9 |
| Repayments of finance lease liabilities | (67) | (66) | 1 | -1 | |
| New bank loans raised | 2,417 | 805 | (1,612) | -67 | 10 |
| Increase in pledged deposits with financial institutions | (181) | (172) | 9 | -5 | |
| Proceeds from Director | 13 | - | (13) | NA | |
| Net cash from/(used in) financing activities | 638 | (2,029) | (2,667) | -418 | |
| Net decrease in cash and cash equivalents | (5,913) | (5,206) | 707 | -12 | |
| Cash and cash equivalents at the beginning of the year | 7,833 | 7,833 | - | - | |

| | | | | | |
|---|---|---|---|---|---|
| Effect of exchange rate changes on the balance of cash held in foreign currencies | 220 | (487) | (707) | -321 | 11 |
| Cash and cash equivalents at the end of the year | 2,140 | 2,140 | - | - | |

## 3. Consolidated Statement of Financial Position for FY2015

| | Unaudited 2015 $'000 | Audited 2015 $'000 | Variances $'000 | Change % | Note |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 9,901 | 9,901 | - | - | |
| Trade and other receivables | 38,588 | 38,590 | 2 | 0 | |
| Inventories | 3,078 | 3,078 | - | - | |
| Total current assets | 51,567 | 51,569 | 2 | 0 | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 19,543 | 19,632 | 89 | 0 | |
| Goodwill | 338 | 338 | - | - | |
| Other receivables | 91 | - | (91) | 100 | |
| Deferred tax assets | 6 | 6 | - | - | |
| Total non-current assets | 19,978 | 19,976 | (2) | 0 | |
| **Total assets** | 71,545 | 71,545 | - | - | |
| **Liabilities and equity** | | | | | |
| **Current liabilities** | | | | | |
| Bank overdraft and loans | 631 | 29,668 | 29,037 | NA | 12 |
| Trade and other payables | 5,445 | 5,458 | 13 | 0 | 13 |
| Interest-bearing term loan | 29,037 | - | (29,037) | NA | 12 |
| Hire purchase creditors | 112 | 112 | - | - | |
| Current tax payable | 479 | 479 | - | - | |
| Loan from director | 13 | - | (13) | NA | 13 |
| Total current liabilities | 35,717 | 35,717 | - | | |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 1,323 | 1,323 | - | - | |
| Hire purchase creditors | 188 | 188 | - | - | |
| Total non-current liabilities | 1,511 | 1,511 | - | - | |
| **Total liabilities** | 37,228 | 37,228 | - | - | |

| | | | | | |
|---|---|---|---|---|---|
| **Capital, reserves and non-controlling interests** | | | | | |
| Share capital | 34,366 | 34,366 | - | - | |
| Merger deficit | (3,454) | (3,454) | - | | |
| Translation reserve | (6,438) | (7,451) | (1,013) | 16 | 4 |
| Revaluation reserve | 5,576 | 6,496 | 920 | 16 | 2 |
| Capital reserve | - | (26) | (26) | NA | |
| Accumulated losses | (5,021) | (4,981) | 40 | -1 | 1 |
| Equity attributable to owners of the Company | 25,030 | 24,950 | (80) | 0 | 1 |
| **Non-controlling interests** | 9,287 | 9,367 | 80 | 1 | 1 |
| **Total equity** | 34,317 | 34,317 | - | - | |
| **Total liabilities and equity** | 71,545 | 71,545 | - | - | |

**Explanatory Notes:**

Note 1

Arising from share of post-acquisition tax effect on depreciation expenses of SMC Industrial Pte Ltd

Note 2

Revaluation reserve was restated using year end exchange rate

Note 3

Restatement made to reflect the reversal of impairment of properties during the year

Note 4

Restatement on basis of derivation of exchange differences on translation

Note 5

Arising from translation difference of receivables and payables (Trade and Others)

Note 6

Reclassification between receivables and payables (Trade and Others) and translation differences

Note 7

To reflect the gross bills payable for operation activities

Note 8

Reclassification of non-cash transaction arising from leasing of equipment

Note 9

To reflect the gross cash repaid to financial institutions

Note 10

To reflect the gross cash borrowed from financial institutions

Note 11

Correction of basis of derivation of effect of exchange rates

Note 12

Reclassification from interest-bearing term loan to bank overdraft and loans

Note 13

Reclassification from loan from director to trade and other payables

Save for the above, there are no changes to the Group's Unaudited Full Year Results. In particular, there are no changes to the Group's earnings per share, net profit before tax, net profit after tax and net tangible assets.

By Order of the Board

Neo Gim Kiong
Chief Executive Officer
6 January 2016

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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.