PNE MICRON HOLDINGS LTD

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

Financial Statement And Dividend Announcement for the Half Year Ended 31 March 2014

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 31/03/2014 S$'000	**Half Year ended 31/03/2013 S$'000**	**Increase / (Decrease) %**
Revenue	8,608	9,018	(4.5)
Cost of sales	(6,167)	(6,112)	0.9
Gross profit	2,441	2,906	(16.0)
Other operating income	173	176	(1.7)
Distribution expenses	(281)	(294)	(4.4)
Administrative expenses	(2,060)	(2,114)	(2.6)
Other operating expenses	(43)	(117)	(63.2)
Results from operating activities	230	557	(58.7)
Finance costs	(33)	(14)	135.7
Share of loss of joint venture	(85)	-	NM
Profit before income tax	112	543	(79.4)
Income tax expense	(107)	(226)	(52.7)
Profit for the period	5	317	(98.4)
Attributable to:-			
Equity holders of the Company	9	314	(97.1)
Non-controlling interests	(4)	3	NM
Profit for the period	5	317	(98.4)

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 31/03/2014 S$'000	Half Year ended 31/03/2013 S$'000	Increase / (Decrease) %
Profit for the period	5	317	(98.4)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	41	(53)	NM
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	119	(46)	NM
Total other comprehensive income/(loss) for the period, net of income tax	160	(99)	NM
Total comprehensive income for the period	165	218	(24.3)
Attributable to:-			
Equity holders of the Company	168	215	(21.9)
Non-controlling interests	(3)	3	NM
Total comprehensive income for the period	165	218	(24.3)

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 31/03/2014 S$'000	Half Year ended 31/03/2013 S$'000	Increase / (Decrease) %
Other income	(165)	(166)	(0.6)
Interest income	(8)	(7)	14.3
Interest expense	33	14	135.7
Depreciation of property, plant and equipment	396	300	32.0
Gain on disposal of property, plant and equipment	(86)	-	NM
Foreign exchange loss (net)	25	24	4.2
Provision for obsolete inventories written back	(103)	(10)	930.0
Property, plant and equipment written-off	-	1	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	
	31/03/2014 (Unaudited) S$'000	30/09/2013 (Audited) S$'000	31/03/2014 (Unaudited) S$'000	30/09/2013 (Audited) S$'000
Non-current assets				
Property, plant and equipment	14,174	13,834	-	-
Subsidiaries	-	-	12,112	12,112
Joint venture	849	-	-	-
Deferred tax assets	59	58	-	-
Other receivables	-	17	1,911	2,233
	15,082	13,909	14,023	14,345
Current assets				
Tax recoverable	102	-	-	-
Inventories	821	938	-	-
Trade and other receivables	4,414	4,624	2,561	1,097
Cash and cash equivalents	6,546	7,957	4,004	5,342
Assets classified as held for sale	305	305	-	-
	12,188	13,824	6,565	6,439
Total assets	27,270	27,733	20,588	20,784
Equity attributable to owners of the Company				
Share capital	30,639	30,639	30,639	30,639
Merger deficit	(3,454)	(3,454)	-	-
Translation reserve	(3,665)	(3,824)	-	-
Revaluation reserve	3,138	3,138	-	-
Accumulated losses	(5,498)	(5,507)	(12,268)	(12,418)
	21,160	20,992	18,371	18,221
Non-controlling interests	23	26	-	-
Total equity	21,183	21,018	18,371	18,221
Non-current liabilities				
Deferred tax liabilities	297	297	-	-
Financial liabilities	1,597	1,880	1,597	1,880
	1,894	2,177	1,597	1,880
Current liabilities				
Trade and other payables	3,505	3,704	88	146
Financial liabilities	608	717	532	537
Current tax payable	80	117	-	-
	4,193	4,538	620	683
Total liabilities	6,087	6,715	2,217	2,563
Total equity and liabilities	27,270	27,733	20,588	20,784

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

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

As at 31/03/2014 (Unaudited)		As at 30/09/2013 (Audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
608	-	717	-

Amount repayable after one year.

As at 31/03/2014 (Unaudited)		As at 30/09/2013 (Audited)	
Secured S$'000	**Unsecured S$'000**	**Secured S$'000**	**Unsecured S$'000**
1,597	-	1,880	-

Details of any collateral:-

The bank loans of approximately S$ 2,129,000 as at 31 March 2014 (30 September 2013: S$ 2,417,000) are secured on the mortgages over certain freehold land and buildings of the Group with a total carrying value approximately S$ 1,965,000 as at 31 March 2014 (30 September 2013: S$ 1,967,000).

In addition, the banker acceptances of S$ 76,000 as at 31 March 2014 (30 September 2013: S$ 180,000) are secured on the following:-

(i) Mortgages over certain freehold land and buildings of the Group with a total carrying value of approximately S$ 1,495,000 as at 31 March 2014 (30 September 2013: S$ 1,500,000);
(ii) Deposits pledged with financial institutions of approximately S$ 40,000 as at 31 March 2014 (30 September 2013: S$ 40,000); and
(iii) Corporate guarantee given by the Company.

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

	Group (Unaudited)	
	31/03/2014	**31/03/2013**
	S$'000	**S$'000**
Operating activities		
Profit before income tax	112	543
Adjustments for:-		
Gain on disposal of property, plant and equipment	(86)	-
Depreciation of property, plant and equipment	396	300
Interest income	(8)	(7)
Interest expense	33	14
Property, plant and equipment written-off	-	1
Operating cash flow before working capital changes	447	841
Changes in working capital:-		
Inventories	114	143
Trade and other receivables	(215)	(591)
Trade and other payables	(200)	(740)
Cash generated from/(used in) operating activities	146	(357)
Income taxes paid	(89)	(111)
Net cash from/(used in) operating activities	57	(468)
Investing activities		
Interest received	8	7
Purchase of property, plant and equipment	(391)	(2,466)
Proceeds from disposal of property, plant and equipment	86	-
Investment in joint venture entity	(934)	-
Net cash used in investing activities	(1,231)	(2,459)
Financing activities		
Interest paid	(33)	(14)
Repayment of banker acceptances	(104)	-
Repayment of bank loan	(288)	-
Proceeds from banker acceptances	-	108
Proceeds from bank loans	-	2,601
Net proceeds from private placement of shares	-	4,633
Dividend paid	-	(798)
Net cash (used in)/from financing activities	(425)	6,530
Net (decrease)/increase in cash and cash equivalents	(1,599)	3,603
Cash and cash equivalents at beginning of the period	7,917	5,457
Effect of exchange rate changes on cash balances held in foreign currencies	188	(48)
Cash and cash equivalents at end of the period	6,506	9,012
Cash at bank and in hand	6,506	9,012
Fixed deposits with financial institutions	40	49
	6,546	9,061
Fixed deposits pledged with financial institutions	(40)	(49)
Cash and cash equivalents at end of the period	6,506	9,012

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	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 2012	25,837	(3,454)	(2,323)	3,138	(4,653)	18,545	72	18,617
Total comprehensive income								
Profit for the period	-	-	-	-	314	314	3	317
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	-	-	(53)	-	-	(53)	-	(53)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	(46)	-	-	(46)	-	(46)
Total other comprehensive income/(loss)	-	-	(99)	-	-	(99)	-	(99)
Total comprehensive income/(loss) for the period	-	-	(99)	-	314	215	3	218
Dividend paid	-	-	-	-	(798)	(798)	-	(798)
Private placement of shares	4,633	-	-	-	-	-	-	4,633
At 31 March 2013	30,470	(3,454)	(2,422)	3,138	(5,137)	17,962	75	22,670
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

Company (Unaudited)	Share capital S$'000	Accumulated losses S$'000	Total S$'000
At 1 October 2012	25,837	(11,341)	14,496
Total comprehensive income	-	(141)	(141)
Private placement of shares	4,633	-	4,633
Dividend paid	-	(798)	(798)
At 31 March 2013	30,470	(12,280)	18,190
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

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

There were no changes in the Company's share capital since 30 September 2013 up to 31 March 2014. The issued and paid-up capital of the Company as at 31 March 2014 and 30 September 2013 were as follows:-

	Number of Shares	Issued and paid-up capital (S$)
Issued and fully paid-up shares as at 31 March 2014 and as at 30 September 2013	554,809,450	30,639,000

There were no shares held as treasury shares as at 31 March 2014 and 31 March 2013 respectively. As disclosed below, the Company does not have any outstanding convertibles as at 31 March 2014 and 31 March 2013.

Call Options

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

During July 2013, 5,500,000 Call Options shares have been exercised.

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

Outstanding Options under the PNE Employees' Share Option Scheme

Details of the options granted under the PNE Employees' Share Option Scheme on the unissued ordinary shares of S$0.08 each of the Company ("**Share Options**") as at 31 March 2014 and 31 March 2013 were as follows:-

		Number of share options			
Date of grant of options	**Exercise price per share**	**Options outstanding at 31/03/2013**	**Options cancelled**	**Options outstanding at 31/03/2014**	**Exercise period**
17/04/2003	S$0.23	223,000	(223,000)	-	17/04/2004 to 17/04/2013
17/04/2003	S$0.23	223,000	(223,000)	-	17/10/2004 to 17/04/2013
17/04/2003	S$0.23	314,000	(314,000)	-	17/04/2005 to 17/04/2013
		760,000	(760,000)	-	

As none of the employees' Share Options have been converted on or before 17 April 2013, the total of 760,000 Share Options have expired and cancelled accordingly.

Hence, the total number of shares that may be issued on conversion of all the Share Options outstanding and Call Options outstanding as at 31 March 2014 is NIL (31 March 2013: 9,260,000).

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 31/03/2014	Company as at 30/09/2013
Total number of issued shares excluding treasury shares	554,809,450	554,809,450

There were no shares held as treasury shares as at 31 March 2014 and 30 September 2013 respectively.

1(d)(iv). A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have 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 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's 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	Group	
	Half Year ended 31/03/2014	Half Year ended 31/03/2013
Profit attributable to equity shareholders of the Company (S$)	9,000	314,000
Weighted average number of ordinary shares (in issue)	554,809,450	480,966,043
Earnings per ordinary share ("EPS") (Basic) (in Singapore cents)	0.002	0.070

Diluted Earnings Per Shares	Group	
	Half Year ended 31/03/2014	Half Year ended 31/03/2013
Profit attributable to equity shareholders of the Company (S$)	9,000	314,000
Weighted average number of ordinary shares	556,128,131	481,608,901
Earnings per ordinary share ("EPS") (Diluted) (in Singapore cents)	0.002	0.070

The basic and diluted EPS for the six months ended 31 March 2013 were the same after taking into consideration the 8,500,000 outstanding Call Options. The outstanding share options granted under the PNE Employees' Share Options have not been included in the calculation of diluted earnings per share during the six month ended 31 March 2013 as these Share Options were out-of-the-money. The Share Options had expired in April 2013.

The basic and diluted EPS for the six months ended 31 March 2014 were the same after taking into consideration of the 3,000,000 outstanding Call Options which had expired on 19 December 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2014	As at 30/09/2013	As at 31/03/2014	As at 30/09/2013
Net assets value ("NAV") per ordinary share based on issued share capital as at the end of the period (in Singapore cents)	3.82	3.79	3.31	3.28
No. of ordinary shares in issue	554,809,450	554,809,450	554,809,450	554,809,450

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Turnover				Profit/(Loss) Before Tax			
By Activities	6 months ended 31/03/2014	6 months ended 31/03/2013	Increase / (Decrease)		6 months ended 31/03/2014	6 months ended 31/03/2013	Increase / (Decrease)	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000	%
Metal Components & Tool and Die	1,344	1,330	14	1.1	46	8	38	475
Electro-Deposition ("ED") Coating Services	7,214	7,688	(474)	(6.2)	151	535	(384)	(72.0)
Coal Supplies Contracts	-	-	-	NM	-	-	-	NM
Others	50	-	50	NM	(85)	-	(85)	NM
Total	8,608	9,018	(410)	(4.5)	112	543	(431)	(79.4)

NM: denotes Not Meaningful

The general operating and business environment surrounding the Group continues to be competitive and challenging during the six months ended 31 March 2014 ("**HY2014**"). The Group's revenue decreased by approximately S$ 0.4 million or 4.5% from S$ 9.0 million in the six months ended 31 March 2013 ("**HY2013**") to S$ 8.6 million in HY2014. The lower revenue was mainly due to a decrease in the demand of Electro Deposition ("**ED**") coating services from existing customers during HY2014.

The gross profit decreased by approximately S$ 0.5 million or 16.0% from S$ 2.9 million in HY2013 to S$ 2.4 million in HY2014. Similarly, the gross profit margin has also decreased marginally from 32.2% in HY2013 to 28.4% in HY2014. The main reason for the decrease in the gross profit and gross profit margin were mainly due to the higher total depreciation of property, plant and equipment of approximately S$ 0.4 million (31 March 2013: S$ 0.3 million) which were mainly due to the addition of new plant and equipment for the new ED coating production line in the Indonesian subsidiary. The decrease was also affected by the higher production costs in connection with compliance with stricter environmental laws and regulations, whereby the Group's ED coating operations have incurred higher total waste water treatment and disposal costs of approximately S$ 0.3 million

during HY2014 (31 March 2013: S$ 0.2 million).

Consequently, the Group recorded a lower operating profit before tax of approximately S$ 0.1 million in HY2014, as compared to approximately S$ 0.5 million in HY2013.

Metal components and tool and die operations

The turnover of the metal stamping and tooling division increased marginally by approximately S$ 14,000 or approximately 1.1% in HY2014. The higher turnover was mainly due to increased orders of metal components from existing customers during HY2014.

Consequently, this division has recorded a higher operating profit before tax of approximately S$ 46,000 in HY2014 as compared to operating profit before tax of approximately S$ 8,000 in HY2013.

ED coating and other secondary processes

The revenue from the ED coating division decreased by approximately S$ 0.5 million or approximately 6.2% from approximately S$ 7.7 million in HY2013 to approximately S$ 7.2 million in HY2014. The lower revenue was mainly due to the decline in the provision of ED coating services to existing customers, who are mainly manufacturers of motorcycle components during HY2014. Consequently, the ED coating division registered a lower operating profit before tax of approximately S$ 0.2 million for HY2014, as compared to operating profit before tax of approximately S$ 0.5 million in HY2013.

Coal Supplies Contracts

Further to the disclosure made by the Company in its Annual Report for the financial year ended 30 September 2013, the Management is considering to seek professional and legal advice to claim the outstanding amount from the principal coal mine operator and supplier.

Other Income Statement Items

The decrease in other operating expenses from approximately S$ 0.1 million in HY2013 to approximately S$ 43,000 in HY2014 was mainly due to lower provision of doubtful debts by approximately S$ 61,000 and lower foreign exchange loss by approximately S$ 19,000, in HY2014 as compared to HY2013.

The finance cost of S$ 33,000 incurred for HY2014 (HY2013: S$ 14,000) was mainly due to the finance interest charged by the banks for the outstanding bank loans and banker acceptances. The increase in the interest expense was mainly because the outstanding bank loans were only granted and disbursed to the Company in January 2013 and this resulted in higher interest expense recognised in HY2014 for the full 6 months as compared to HY2013 for only 3 months.

The decrease in the income tax expense from approximately S$ 0.2 million in HY2013 to approximately S$ 0.1 million in HY2014 was mainly due to the decrease in taxable income by some of the Malaysian subsidiaries in HY2014.

The gain on the disposal of property, plant and equipment of approximately S$ 0.1 million (31 March 2013: NIL) was due to the disposal of plant and machinery from some of the Malaysian subsidiaries.

Balance Sheet

Property, plant and equipment

The increase in the property, plant and equipment from approximately S$ 13.8 million as at 30 September 2013 to approximately S$ 14.2 million as at 31 March 2014 was mainly due to the purchase of new plant and equipment of approximately S$ 0.1 million by Malaysian subsidiaries and approximately S$ 0.3 million by the Indonesian subsidiary for its expansion of the ED coating facilities and operations.

Joint venture of approximately S$ 0.9 million as at 31 March 2014 was in relation to the Group's contribution to the issued and paid-up share capital in the joint venture company, PNE Teknicast Sdn. Bhd. that was proportionate to its 60.0% shareholding interest.

Working Capital

The working capital of the Group as at 31 March 2014 and 30 September 2013 are set out below:-

(S$'000)	As at 31 March 2014	As at 30 September 2013
Total current assets	12,188	13,824
Total current liabilities	4,193	4,538
Working capital	7,995	9,286

The Group had positive working capital of approximately S$ 8.0 million as at 31 March 2014, as compared to approximately S$ 9.3 million as at 30 September 2013.

Current Assets

As at 31 March 2014, the Group's current assets amounted to approximately S$ 12.2 million (30 September 2013: S$ 13.8 million). The balance as at 31 March 2014 comprised mainly cash and cash equivalents of approximately S$ 6.5 million (30 September 2013: S$ 8.0 million), trade and other receivables of approximately S$ 4.4 million (30 September 2013: S$ 4.6 million) and inventories of approximately S$ 0.8 million (30 September 2013: S$ 0.9 million).

The decrease in the cash and cash equivalents from approximately S$ 8.0 million as at 30 September 2013 to approximately S$ 6.5 million as at 31 March 2014, was mainly due to the investment in the new joint venture entity, PNE Teknicast Sdn. Bhd., and the addition of new plant and equipment, which amounted to approximately S$ 0.9 million and approximately S$ 0.4 million, respectively.

The decrease in the trade and other receivables of approximately S$ 0.2 million was mainly due to the re-classification of the newly acquired Company's staff hostel to "Property, plant and equipment", of approximately S$ 0.2 million, after the Indonesian subsidiary has duly received the title deed from the property developer in HY2014 and the lower sales achieved in HY2014.

Current Liabilities

As at 31 March 2014, the Group's current liabilities amounted to approximately S$ 4.2 million (30 September 2013: S$ 4.5 million). The balance as at 31 March 2014 comprised mainly trade and other payables of approximately S$ 3.5 million (30 September 2013: S$ 3.7 million), financial liabilities of approximately S$ 0.6 million (30 September 2013: S$ 0.7 million) and current tax payable of approximately S$ 0.1 million (30 September 2013: S$ 0.1 million).

The decrease in trade and other payables of approximately S$ 0.2 million was mainly due to the lower purchases during HY2014, which was in-line with the lower sales recorded for HY2014.

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

Non-Current Liabilities

As at 31 March 2014, the Group's non-current liabilities amounted to approximately S$ 1.9 million (30 September 2013: S$ 2.2 million). The decrease in the non-current liabilities was mainly due to the repayment of bank loan.

Cash Flow Analysis

In HY2014, the Group's net cash generated from operating activities before changes in working capital of approximately S$ 0.4 million and the net cash generated from operating activities amounted to approximately S$ 0.1 million. This was mainly due to a decrease in trade and other payables by approximately S$ 0.2 million, decrease in trade and other receivables by approximately S$ 0.2 million and the increase in inventories by approximately S$ 0.1 million during HY2014. Also, income tax of approximately S$ 0.1 million was paid during HY2014.

Net cash used in investing activities amounted to approximately S$ 1.2 million in HY2014, mainly due to the capital expenditures for the purchase of property, plant and equipment amounting to approximately S$ 0.4 million and the investment in the newly established joint venture entity, PNE Teknicast Sdn. Bhd., of approximately S$ 0.9 million. The increase was partially offset by the interest received from bank deposits of approximately

S$ 6,000 and the proceeds from disposal of property, plant and equipment of approximately S$ 0.1 million from one of the Malaysian subsidiaries.

Net cash used in financing activities was approximately S$ 0.4 million in HY2014, which was mainly due to the payment of bank interest of approximately S$ 33,000, repayment of banker acceptances of approximately S$ 0.1 million and repayment of bank loan amounted to approximately S$ 0.3 million.

As a result of the above, there was a net decrease of approximately S$ 1.6 million in cash and cash equivalents in HY2014. The Group recorded a cash and cash equivalent balance of approximately S$ 6.5 million as at 31 March 2014.

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 for the current reporting period.

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.

Based on indicative orders and if PNE Teknicast Sdn. Bhd. can commence production in the second half FY2014, the Directors expect PNE Teknicast Sdn. Bhd's second half performance to be better than the first half of FY2014.

Going forward, the Group will continue to explore other business opportunities which will enhance long-term shareholders' value, via mergers and acquisitions, divestment and partnering with long-term strategic investors, who can add value to the Group's 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) Books closure date.

Not applicable.

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

No dividend has been recommended or declared for the six months financial period ended 31 March 2014.

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

As at 31 March 2014, the Company had re-deployed the sum of approximately S$ 0.9 million out of S$ 4.8 million, the un-utilised proceeds from the Private Placement and exercise of Call options, which was earlier intended for the purposes of funding new potential investments and business through acquisitions, joint ventures and collaboration in businesses involving the trading of resources as and when the opportunities arise, for the investment in PNE Teknicast Sdn. Bhd. Details on the use of the proceeds from the Private Placement and exercise of Call Options, as at the date of this announcement are as follows:-

Intended Use of Proceeds	Private Placement and Exercise of Call Options Proceeds (S$'000)	Status of Use	Amount Utilised To-Date (S$'000)	Balance Un-utilised (S$'000)
1. Fund new investments and businesses involving the trading of resources	4,800	Re-deployment of S$ 0.9 million for the investment in PNE Teknicast Sdn. Bhd.	(934)	3,866
2. Expenses incurred in connection with the Private Placement and exercise of Call Options	240	Utilised for intended use	(230)	10
Total	**5,040**		**(1,164)**	3,876

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 HY2014.

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 six (6) months ended 31 March 2014 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

TAN KONG SIN
CHIEF EXECUTIVE OFFICER

TAN KWONG SOON
EXECUTIVE DIRECTOR

BY ORDER OF THE BOARD

TAN TEE CHING
COMPANY SECRETARY /
CHIEF FINANCIAL OFFICER
12 MAY 2014

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

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

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