



PNE INDUSTRIES LTD

(Company registration no. 199905792R)

PNE INDUSTRIES LTD AND ITS SUBSIDIARIES

Registration Number: 199905792R

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND HALF ("FY24H2") AND FULL YEAR ("FY24")
ENDED 30 SEPTEMBER 2024

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Group</u>			<u>Group</u>		
	<u>FY24H2</u>	<u>FY23H2</u>	<u>+ / (-)</u>	<u>FY24</u>	<u>FY23</u>	<u>+ / (-)</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Revenue	32,010	28,864	10.9	60,975	53,528	13.9
Cost of sales	(25,915)	(22,832)	13.5	(49,634)	(42,887)	15.7
Gross profit	6,095	6,032	1.0	11,341	10,641	6.6
Other operating income	1,254	1,237	1.4	2,115	2,055	2.9
Distribution costs	(743)	(794)	(6.4)	(1,357)	(1,254)	8.2
Administrative expenses	(4,908)	(5,009)	(2.0)	(9,643)	(9,849)	(2.1)
Other operating expenses	(201)	(517)	(61.1)	(581)	(764)	(24.0)
Share of results of associate	66	41	61.0	66	41	61.0
Finance costs	(38)	(47)	(19.1)	(78)	(105)	(25.7)
Profit before tax	1,525	943	61.7	1,863	765	143.5
Income tax expense	(433)	142	n.m.	(579)	(12)	4,725.0
Profit after tax	1,092	1,085	0.6	1,284	753	70.5
Other comprehensive income:						
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Net fair value loss on financial assets at FVTOCI	(130)	(384)	(66.1)	(138)	(346)	(60.1)
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Exchange difference arising on translation of foreign operations	1,580	(1,296)	n.m.	1,021	(2,975)	n.m.
Other comprehensive income for the year, net of tax	1,450	(1,680)	n.m.	883	(3,321)	n.m.
Total comprehensive income for the year	2,542	(595)	n.m.	2,167	(2,568)	n.m.
Earnings per share (cents)						
Basic and diluted	1.3	1.3	0.5	1.5	0.9	67.2

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		30-09-24	30-09-23	30-09-24	30-09-23
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank balances		24,957	28,193	21,881	19,544
Trade receivables		21,957	20,284	-	-
Other receivables		1,311	1,491	341	372
Inventories		25,294	23,244	-	-
Income tax recoverable		287	-	6	-
Total current assets		<u>73,806</u>	<u>73,212</u>	<u>22,228</u>	<u>19,916</u>
Non-current assets					
Property, plant and equipment	9	5,149	4,318	-	-
Right-of-use assets		2,276	2,456	-	-
Investments in subsidiaries		-	-	20,445	19,514
Investment in associate		474	457	-	-
Financial assets at fair value through other comprehensive income	10	1,341	1,479	156	132
Deferred tax assets		392	547	-	-
Total non-current assets		<u>9,632</u>	<u>9,257</u>	<u>20,601</u>	<u>19,646</u>
Total assets		<u>83,438</u>	<u>82,469</u>	<u>42,829</u>	<u>39,562</u>
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		10,490	9,102	39	29
Other payables		2,223	2,026	407	380
Lease liabilities	11	798	732	-	-
Income tax payable		57	92	-	6
Total current liabilities		<u>13,568</u>	<u>11,952</u>	<u>446</u>	<u>415</u>
Non-current liabilities					
Lease liabilities	11	914	1,208	-	-
Deferred tax liabilities		-	2	-	-
Total non-current liabilities		<u>914</u>	<u>1,210</u>	<u>-</u>	<u>-</u>
Capital and reserves					
Share capital	12	36,991	36,991	36,991	36,991
Currency translation reserve		(2,181)	(3,202)	-	-
Capital reserve		938	938	-	-
Investment revaluation reserve		270	408	64	40
Accumulated profits		32,938	34,172	5,328	2,116
Equity attributable to equity holders of the Company, representing total equity		<u>68,956</u>	<u>69,307</u>	<u>42,383</u>	<u>39,147</u>
Total liabilities and equity		<u>83,438</u>	<u>82,469</u>	<u>42,829</u>	<u>39,562</u>

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u> <u>\$'000</u>	<u>Currency translation</u> <u>reserve</u> <u>\$'000</u>	<u>Capital</u> <u>reserve</u> <u>\$'000</u>	<u>Investment</u> <u>revaluation</u> <u>reserve</u> <u>\$'000</u>	<u>Accumulated</u> <u>profits</u> <u>\$'000</u>	<u>Net</u> <u>\$'000</u>
GROUP						
Balance at October 1, 2022	36,991	(227)	938	754	36,776	75,232
Total comprehensive income for the year						
Profit for the year	-	-	-	-	753	753
Other comprehensive income for the year	-	(2,975)	-	(346)	-	(3,321)
Total	-	(2,975)	-	(346)	753	(2,568)
Transaction with owners, recognised directly in equity						
Dividends	-	-	-	-	(3,357)	(3,357)
Balance at September 30, 2023	36,991	(3,202)	938	408	34,172	69,307
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,284	1,284
Other comprehensive income for the year	-	1,021	-	(138)	-	883
Total	-	1,021	-	(138)	1,284	2,167
Transaction with owners, recognised directly in equity						
Dividends	-	-	-	-	(2,518)	(2,518)
Balance at September 30, 2024	36,991	(2,181)	938	270	32,938	68,956

	<u>Share capital</u> <u>\$'000</u>	<u>Investment</u> <u>revaluation</u> <u>reserve</u> <u>\$'000</u>	<u>Accumulated</u> <u>profits</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
COMPANY				
Balance at October 1, 2022	36,991	30	4,600	41,621
Total comprehensive income for the year				
Profit for the year	-	-	873	873
Other comprehensive income for the year	-	10	-	10
Total	-	10	873	883
Dividends, representing transaction with owners, recognised directly in equity	-	-	(3,357)	(3,357)
Balance at September 30, 2023	36,991	40	2,116	39,147
Total comprehensive income for the year				
Profit for the year	-	-	5,730	5,730
Other comprehensive income for the year	-	24	-	24
Total	-	24	5,730	5,754
Dividends, representing transaction with owners, recognised directly in equity	-	-	(2,518)	(2,518)
Balance at September 30, 2024	36,991	64	5,328	42,383

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
Year ended:	30-09-24	30-09-23
	\$'000	\$'000
Operating activities		
Profit before tax	1,863	765
Adjustments for:		
Share of results of associate	(66)	(41)
Depreciation of property, plant and equipment	721	829
Depreciation of right-of-use assets	781	838
Loss (Reversal) of impairment on property, plant and equipment	10	(47)
Reversal of impairment on Right-of-use-assets	-	(29)
Interest income	(1,038)	(1,096)
Dividend income	(9)	(8)
Finance costs	78	105
(Gain) Loss on disposal of property, plant and equipment	(62)	224
Gain on disposal of asset held for sale	-	(202)
Gain on disposal of right-of-use assets	-	(141)
Property, plant and equipment written off	21	31
Loss allowance recognised on trade receivables (net)	505	475
Loss of allowance for inventories (net)	135	179
Operating profit before movements in working capital	2,939	1,882
Trade receivables	(2,943)	774
Other receivables	80	(259)
Inventories	(947)	(2,219)
Trade payables	1,338	408
Other payables	137	161
Cash from operations	604	747
Interest received	1,038	1,096
Interest paid	(78)	(105)
Income tax paid	(369)	(554)
Withholding tax paid	(246)	-
Net cash from operating activities	949	1,184
Investing activities		
Dividend received from associate	40	71
Dividend received from equity instruments held at FVTOCI	9	8
Proceeds from disposal of property, plant and equipment	63	141
Proceeds from disposal of asset-held-for-sale	-	404
Proceeds from disposal of right-of-use assets	-	225
Purchase of property, plant and equipment	(1,302)	(538)
Net cash (used in) from investing activities	(1,190)	311
Financing activities		
Dividends paid	(2,518)	(3,357)
Repayment of lease liabilities	(777)	(909)
Net cash used in financing activities	(3,295)	(4,266)
Net decrease in cash and cash equivalents	(3,536)	(2,771)
Cash and cash equivalents at beginning of year	28,048	30,956
Net effect of foreign exchange rate changes	290	(137)
Cash and cash equivalents at end of year	24,802	28,048
Cash and cash equivalents represent:		
Cash and bank balances	9,693	8,423
Fixed deposits	15,264	19,770
	24,957	28,193
Less: Fixed deposits and bank balances pledged	(155)	(145)
	24,802	28,048

E. NOTES TO THE CONDENSED INTERIM 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 interim consolidated financial statements for the financial year ended 30 September 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is investment holding and provision of management services.

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

2. BASIS OF PREPARATION

The condensed interim financial statements for the financial year ended 30 September 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 2023.

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.

The condensed interim 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 SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 October 2023. The adoption 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 interim 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 2023. Details can be found in Note 3 to annual financial statements for the year ended 30 September 2023.

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.

Group	Revenue		Profit	
	FY24H2	FY23H2	FY24H2	FY23H2
	\$'000	\$'000	\$'000	\$'000
Contract Manufacturing	28,251	24,928	705	398
Trading	3,750	3,928	314	455
Others	9	8	(44)	(558)
Total	32,010	28,864	975	295
Interest income			522	654
Share of results of associate			66	41
Finance costs			(38)	(47)
Profit before tax			1,525	943
Income tax expense			(433)	142
Profit for the period			1,092	1,085

Group	Revenue		Profit	
	FY24	FY23	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Contract Manufacturing	53,322	46,042	710	(94)
Trading	7,644	7,478	545	642
Others	9	8	(418)	(815)
Total	60,975	53,528	837	(267)
Interest income			1,038	1,096
Share of results of associate			66	41
Finance costs			(78)	(105)
Profit before tax			1,863	765
Income tax expense			(579)	(12)
Profit for the year			1,284	753

4. SEGMENT AND REVENUE INFORMATION (CONT'D)

4.1 Reportable segments (Cont'd)

	Group	
	30-09-24	30-09-23
	\$'000	\$'000
<i><u>Segment assets</u></i>		
Contract manufacturing	52,164	47,862
Trading	3,837	3,665
Others	747	723
Total segment assets	56,748	52,250
Unallocated	26,690	30,219
Consolidated assets	83,438	82,469
<i><u>Segment liabilities</u></i>		
Contract manufacturing	13,220	11,747
Trading	791	938
Others	414	383
Total segment liabilities	14,425	13,068
Unallocated	57	94
Consolidated liabilities	14,482	13,162

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.

Group	FY24H2	FY23H2	FY24	FY23
	\$'000	\$'000	\$'000	\$'000
Contract Manufacturing	28,251	24,928	53,322	46,042
Trading	3,750	3,928	7,644	7,478
Others	9	8	9	8
	32,010	28,864	60,975	53,528

4.3 Geographical information

The Group's activities are mainly located in Europe, Malaysia, Singapore and the People's Republic of China.

Group	Revenue				Non-current assets	
	FY24H2	FY23H2	FY24	FY23	30-09-24	30-09-23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Romania	12,141	13,654	24,692	24,683	-	-
Netherlands	2,703	2,349	5,308	5,792	474	457
Europe (excluding Romania and Netherlands)	2,691	1,923	4,511	3,366	-	-
People's Republic of China	7,704	3,907	11,461	5,851	1,379	2,202
Malaysia	3,168	2,835	6,235	5,535	5,361	4,292
Singapore	2,001	2,530	5,226	4,951	685	280
Others	1,602	1,666	3,542	3,350	-	-
	32,010	28,864	60,975	53,528	7,899	7,231

5. PROFIT BEFORE TAX

5.1 SIGNIFICANT ITEMS

Group	<u>FY24H2</u> <u>\$'000</u>	<u>FY23H2</u> <u>\$'000</u>	<u>FY24</u> <u>\$'000</u>	<u>FY23</u> <u>\$'000</u>
Adjustment for over provision of tax in respect of prior years	125	157	59	172
Depreciation of property, plant and equipment	(327)	(407)	(721)	(829)
Depreciation of right-of-use assets	(386)	(410)	(781)	(838)
Foreign exchange gain, net	785	320	496	88
Gain (Loss) on disposal of property, plant and equipment	124	(259)	62	(224)
Gain on disposal of asset held for sale	-	37	-	202
Gain on disposal of right-of-use assets	-	141	-	141
Loss allowance recognised on trade receivables (net)	(505)	(475)	(505)	(475)
Other income - interest income	522	654	1,038	1,096
Other income - others	238	274	519	450
Property, plant and equipment written off	(18)	(31)	(21)	(31)
Loss of allowance for inventories (net)	(147)	(262)	(135)	(179)
(Loss) Reversal of impairment on plant and equipment	(75)	47	(10)	47
Reversal of impairment on right-of-use asset	-	29	-	29

5.2 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, a subsidiary of the Group entered into the following transactions with a related party:

Group	<u>FY24H2</u> <u>\$'000</u>	<u>FY23H2</u> <u>\$'000</u>	<u>FY24</u> <u>\$'000</u>	<u>FY23</u> <u>\$'000</u>
Transactions with associate:				
- Purchase of goods	1	3	11	271
- Commission expense	487	591	912	886

6. INCOME TAX EXPENSE

Group	<u>FY24H2</u> <u>\$'000</u>	<u>FY23H2</u> <u>\$'000</u>	<u>FY24</u> <u>\$'000</u>	<u>FY23</u> <u>\$'000</u>
Current tax:				
Singapore	(17)	3	-	6
Foreign	263	306	326	472
Withholding tax	246	-	246	-
Deferred tax	66	(294)	66	(294)
(Over) Under provision in prior years:				
Current tax	(176)	(114)	(112)	(129)
Deferred tax	51	(43)	53	(43)
	433	(142)	579	12

7. EARNINGS PER SHARE

	FY24H2	FY23H2	FY24	FY23
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	1.3 cents	1.3 cents	1.5 cents	0.9 cents
Number of ordinary shares	83,916,757	83,916,757	83,916,757	83,916,757
(b) On a fully diluted basis	1.3 cents	1.3 cents	1.5 cents	0.9 cents
Adjusted number of ordinary shares	83,916,757	83,916,757	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 year reported on (September 30, 2024)	82.1 cents	50.5 cents
(b) Immediately preceding financial year (September 30, 2023)	82.6 cents	46.6 cents

9. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 30 September 2024, the Group acquired assets amounting to \$1,302,000 (2023: \$538,000) and disposed of assets amounting to \$1,000 (2023: \$365,000).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>Group</u>		<u>Company</u>	
	<u>30-09-24</u>	<u>30-09-23</u>	<u>30-09-24</u>	<u>30-09-23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Investments in equity instruments designated at FVTOCI:				
Quoted equity shares	156	132	156	132
Unquoted equity shares	1,185	1,347	-	-
	<u>1,341</u>	<u>1,479</u>	<u>156</u>	<u>132</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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

30-09-24	Level 1	Level 2	Level 3	Total
<u>Financial assets, at FVOCI</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
- Quoted equity shares	156	-	-	156
- Unquoted equity shares	-	-	1,185	1,185
	156	-	1,185	1,341

30-09-23	Level 1	Level 2	Level 3	Total
<u>Financial assets, at FVOCI</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
- Quoted equity shares	132	-	-	132
- Unquoted equity shares	-	-	1,347	1,347
	132	-	1,347	1,479

11. BANK BORROWINGS AND DEBT SECURITIES

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

As at September 30, 2024		As at September 30, 2023	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	798*	Nil	732*

(b) Amount repayable after one year

As at September 30, 2024		As at September 30, 2023	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	914*	Nil	1,208*

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

(c) Details of any collateral

Approximately \$155,000 (2023: \$145,000) of the Group's fixed deposits is pledged to a bank in return for bank guarantees issued to third parties.

12. SHARE CAPITAL

	Group and Company			
	30-09-24	30-09-23	30-09-24	30-09-23
	'000	'000	\$'000	\$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of period/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 financial period and previous financial year, and as at the end of the corresponding period of the previous financial year.

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.

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

Second half year ended 30 September 2024

For second half year ended September 30, 2024 ("FY24H2"), the Group recorded revenue and profit before tax of \$32.0m and \$1.5m respectively. Revenue increased \$3.1m or 10.9% compared to second half year ended September 30, 2023 ("FY23H2") due mainly to improvement in contract manufacturing sales as a result of higher customer demand.

Gross profit in FY24H2 rose by \$0.1m, despite a \$3.1m increase in sales, due to a less favorable product mix, which reduced the gross profit margin to 19.0% from 20.9% in FY23H2.

Administrative expenses in FY24H2 decreased \$0.1m mainly due to reduction in staff cost. Other operating expenses declined by \$0.3m, as FY23H2 included loss on disposal of property, plant and equipment ("PPE"), whereas FY24H2 recorded a gain from disposal of PPE.

Income tax expense in FY24H2 increased by \$0.6m compared to FY23H2 due to \$0.4m adjustment on deferred tax and \$0.2m withholding tax on dividend from the Group's subsidiary in China.

As a result of the above, the Group reported a profit after tax of \$1.1m for the period.

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

Statement of Comprehensive Income

Full year ended 30 September 2024

For the year ended September 30, 2024 ("FY24"), the Group recorded revenue and profit before tax of \$61.0m and \$1.9m respectively. Revenue improved \$7.4m or 13.9% compared to the prior year ended September 30, 2023 ("FY23") due mainly to improvement in contract manufacturing sales as a result of higher customer demand.

Gross profit in FY24 rose by \$0.7m, despite a \$7.4m increase in sales, due to a less favorable product mix, which reduced the gross profit margin to 18.6% from 19.9% in FY23.

In FY24, other operating income increased by \$0.1m vs FY23, primarily due to \$0.4m increase in foreign exchange gains and \$0.1m gain on the disposal of property, plant and equipment ("PPE"). These increases were partially offset by \$0.3m decline in gains from the disposal of assets held for sale and right-of-use assets ("ROU"), along with \$0.1m decrease from reversal of impairment loss on PPE and ROU.

Distribution costs increased in line with the higher sales while administrative expenses decreased mainly due to reduction in staff cost.

Other operating expenses declined by \$0.2m as FY23 included losses from the disposal of PPE, whereas FY24 recorded a gain from disposals of PPE.

Income tax expense in FY24 increased by \$0.6m compared to prior year due to \$0.4m adjustment on deferred tax and \$0.2m withholding tax on dividend from the Group's subsidiary in China.

As a result of the above, the Group reported a profit after tax of \$1.3m for the year.

Under other comprehensive income, the Group recorded a fair value loss of \$0.1m in FY24, down from \$0.3m loss in FY23, primarily due to reduction in the fair value of the Group's investment in DSP Innovation BV, as evaluated by an independent valuer. A \$1.0m exchange gain on translation of foreign operations arose was recorded due mainly to the strengthening of the Malaysian Ringgit against the Singapore Dollar.

Statement of Financial Position

Trade receivables rose by \$1.7m in line with the higher sales.

Inventories rose by \$2.1m due to the need to hold more buffer stocks to help reduce the impact from supply chain disruptions, and to customer requests to delay certain models. Trade payables increased by \$1.4m due to higher purchases in line with the higher sales and buffer stocks.

Cash balance reduced by \$3.2m during the year due to dividend payment as well as purchases of plant and equipment, offset partially by the increase in net cash from operating activities.

The Group has no bank borrowings. The lease liabilities are all attributable to right-of-use assets recognised 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 global economic environment remains highly uncertain, with several challenges stemming from heightened geopolitical tensions, inflationary pressures, and supply chain challenges. These factors are expected to have an ongoing impact on the global economy.

The industries in which the Group operates remain highly competitive, and the Group continues to face significant pressure from customers demanding lower prices for its products. At the same time, inflationary pressures continue to be a concern in key regions such as Malaysia and China, where the Group’s manufacturing operations are based. The impending increase in minimum wages in Malaysia next year further increases the costs of the Group. The Group is actively managing these challenges through stringent cost control measures and by seeking opportunities to improve operational efficiencies to maintain competitiveness.

Foreign exchange volatility remains a key risk, particularly due to recent global events. As the Group generates sales in US Dollars, any weakening of the US Dollar could negatively impact revenue, especially if costs are not similarly denominated in the US Dollar. The Group is closely monitoring exchange rate fluctuations and considering hedging strategies to mitigate potential risks.

While the ongoing international trade tensions have not significantly impacted the Group, any escalation of these tensions could potentially dampen economic sentiment, leading to reduced demand for the Group’s products, particularly in the contract manufacturing sector. The Group is committed to staying agile in this uncertain environment and will continue to monitor these external factors closely to adapt its strategies accordingly.

5. DIVIDEND INFORMATION

The directors are pleased to propose as follows:

Current period reported on:	
Type of dividend	Final
Amount per share	2.0 cents
Tax rate	One-tier tax exempt
Corresponding period of previous financial year:	
Type of dividend	Final
Amount per share	2.0 cents
Tax rate	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 14 February 2025.

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 28 January 2025 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 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5.00 p.m. on 28 January 2025 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 28 January 2025 will be entitled to the proposed dividend.

5. DIVIDEND INFORMATION (CONT'D)

Breakdown of total annual dividend

	Latest Full Year ended September 30, 2024 (One-tier tax exempt dividend*)	Previous Full Year ended September 30, 2023 (One-tier tax exempt dividend*)
Ordinary	\$2,517,503	\$2,517,503
Preference	-	-
Total:	\$2,517,503	\$2,517,503

* 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	28,965	24,664	17.4
(b)	Operating profit (loss) after tax before deducting minority interests reported for first half year	192	(332)	n.m.
(c)	Sales reported for second half year	32,010	28,864	10.9
(d)	Operating profit after tax before deducting minority interests reported for second half year	1,092	1,085	0.6

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

Name	Age	Family relationship	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Bee Foon	64	Sister of both executive directors and aunt of the non-independent cum non-executive director	General Manager in Human Resource and Administration - in charge of human resource management and general admin matters. - Position held since 1 st Jan 2000. Chief Sustainability Officer - in charge of formulation of the Group's sustainability agenda and ESG related matters. - Position held since 1 st Oct 2019.	No changes
Eugene Tan Wei Kang	53	Nephew of both executive directors and cousin of the non-independent cum non-executive director	Head of Business Development of PNE Appliance Controls Pte Ltd. - in charge of developing new business for the company. - Position held since 1 st Jul 2006.	No changes

Tan Meng Siew	52	Niece of both executive directors and cousin of the non-independent cum non-executive director	Financial Controller - in charge of finance and accounting functions. - Position first held in 1999. Also appointed as Company Secretary on 31 st Dec 2004.	No changes
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9. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL OF THE SGX-ST

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 SGX-ST

Not applicable for full year results announcement.

BY ORDER OF THE BOARD

Ms Tan Meng Siew
Company Secretary
November 27, 2024