



**PNE INDUSTRIES LTD**

(Company registration no. 199905792R)

**PNE INDUSTRIES LTD AND ITS SUBSIDIARIES**

**Registration Number: 199905792R**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND HALF ("FY23H2") AND FULL YEAR ("FY23")  
ENDED 30 SEPTEMBER 2023

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

|  | Group            |                  |               | Group          |                |               |
|--|------------------|------------------|---------------|----------------|----------------|---------------|
|  | FY23H2<br>\$'000 | FY22H2<br>\$'000 | + / (-)<br>%  | FY23<br>\$'000 | FY22<br>\$'000 | + / (-)<br>%  |
| Revenue  | 28,864           | 35,506           | (18.7)        | 53,528         | 73,725         | (27.4)        |
| Cost of sales  | (22,832)         | (29,349)         | (22.2)        | (42,887)       | (59,288)       | (27.7)        |
| Gross profit   | 6,032            | 6,157            | (2.0)         | 10,641         | 14,437         | (26.3)        |
| Other operating income   | 1,237            | 1,213            | 2.0           | 2,055          | 1,743          | 17.9          |
| Distribution costs   | (794)            | (840)            | (5.5)         | (1,254)        | (1,832)        | (31.6)        |
| Administrative expenses  | (5,009)          | (4,988)          | 0.4           | (9,849)        | (9,875)        | (0.3)         |
| Other operating expenses   | (517)            | (209)            | 147.4         | (764)          | (419)          | 82.3          |
| Share of results of associate  | 41               | 79               | (48.1)        | 41             | 79             | (48.1)        |
| Finance costs  | (47)             | (69)             | (31.9)        | (105)          | (148)          | (29.1)        |
| Profit before tax  | 943              | 1,343            | (29.8)        | 765            | 3,985          | (80.8)        |
| Income tax expense   | 142              | 280              | (49.3)        | (12)           | (381)          | (96.9)        |
| <b>Profit after tax</b>  | <b>1,085</b>     | <b>1,623</b>     | <b>(33.1)</b> | <b>753</b>     | <b>3,604</b>   | <b>(79.1)</b> |
| <b>Other comprehensive (loss) income:</b>                                  |                  |                  |               |                |                |               |
| <u>Items that will not be reclassified subsequently to profit or loss:</u> |                  |                  |               |                |                |               |
| Net fair value (loss) gain on financial assets at FVTOCI                   | (384)            | 1,689            | n.m.          | (346)          | 1,698          | n.m.          |
| <u>Items that may be reclassified subsequently to profit or loss:</u>      |                  |                  |               |                |                |               |
| Exchange difference arising on translation of foreign operations           | (1,296)          | (1,328)          | (2.4)         | (2,975)        | (887)          | 235.4         |
| Other comprehensive (loss) income, net of tax                              | (1,680)          | 361              | n.m.          | (3,321)        | 811            | n.m.          |
| <b>Total comprehensive (loss) income</b>                                   | <b>(595)</b>     | <b>1,984</b>     | <b>n.m.</b>   | <b>(2,568)</b> | <b>4,415</b>   | <b>n.m.</b>   |

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

|   | <b>Note</b> | <b>Group</b>    |                 | <b>Company</b>  |                 |
|---|-------------|-----------------|-----------------|-----------------|-----------------|
|   |             | <b>30-09-23</b> | <b>30-09-22</b> | <b>30-09-23</b> | <b>30-09-22</b> |
|   |             | <b>\$'000</b>   | <b>\$'000</b>   | <b>\$'000</b>   | <b>\$'000</b>   |
| <b>ASSETS</b>   |             |                 |                 |                 |                 |
| <b>Current assets</b>   |             |                 |                 |                 |                 |
| Cash and bank balances  |             | 28,193          | 31,112          | 19,544          | 21,994          |
| Trade receivables   |             | 20,284          | 23,070          | -               | -               |
| Other receivables   |             | 1,491           | 1,261           | 372             | 414             |
| Inventories   |             | 23,244          | 22,631          | -               | -               |
|   |             | <u>73,212</u>   | <u>78,074</u>   | <u>19,916</u>   | <u>22,408</u>   |
| Asset classified as held-for-sale   | 9           | -               | 211             | -               | -               |
| Total current assets  |             | <u>73,212</u>   | <u>78,285</u>   | <u>19,916</u>   | <u>22,408</u>   |
| <b>Non-current assets</b>   |             |                 |                 |                 |                 |
| Property, plant and equipment   | 10          | 4,318           | 5,375           | -               | -               |
| Right-of-use assets   |             | 2,456           | 3,570           | -               | -               |
| Investments in subsidiaries   |             | -               | -               | 19,514          | 19,514          |
| Investment in associate   |             | 457             | 477             | -               | -               |
| Financial assets at fair value through other comprehensive income               | 11          | 1,479           | 1,825           | 132             | 122             |
| Deferred tax assets   |             | 547             | 181             | -               | -               |
| Total non-current assets  |             | <u>9,257</u>    | <u>11,428</u>   | <u>19,646</u>   | <u>19,636</u>   |
| <b>Total assets</b>   |             | <u>82,469</u>   | <u>89,713</u>   | <u>39,562</u>   | <u>42,044</u>   |
| <b>LIABILITIES AND EQUITY</b>   |             |                 |                 |                 |                 |
| <b>Current liabilities</b>  |             |                 |                 |                 |                 |
| Trade payables  |             | 9,102           | 9,336           | 29              | 25              |
| Other payables  |             | 2,026           | 1,961           | 380             | 395             |
| Lease liabilities   |             | 732             | 836             | -               | -               |
| Income tax payable  |             | 92              | 251             | 6               | 3               |
| Total current liabilities   |             | <u>11,952</u>   | <u>12,384</u>   | <u>415</u>      | <u>423</u>      |
| <b>Non-current liabilities</b>  |             |                 |                 |                 |                 |
| Lease liabilities   |             | 1,208           | 2,095           | -               | -               |
| Deferred tax liabilities  |             | 2               | 2               | -               | -               |
| Total non-current liabilities   |             | <u>1,210</u>    | <u>2,097</u>    | <u>-</u>        | <u>-</u>        |
| <b>Capital and reserves</b>   |             |                 |                 |                 |                 |
| Share capital   | 13          | 36,991          | 36,991          | 36,991          | 36,991          |
| Currency translation reserve  |             | (3,202)         | (227)           | -               | -               |
| Capital reserve   |             | 938             | 938             | -               | -               |
| Investment revaluation reserve  |             | 408             | 754             | 40              | 30              |
| Accumulated profits   |             | 34,172          | 36,776          | 2,116           | 4,600           |
| Equity attributable to equity holders of the Company, representing total equity |             | <u>69,307</u>   | <u>75,232</u>   | <u>39,147</u>   | <u>41,621</u>   |
| <b>Total liabilities and equity</b>   |             | <u>82,469</u>   | <u>89,713</u>   | <u>39,562</u>   | <u>42,044</u>   |

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

|  | <u>Share<br/>capital</u><br>\$'000 | <u>Currency<br/>translation<br/>reserve</u><br>\$'000 | <u>Capital<br/>reserve</u><br>\$'000 | <u>Investment<br/>revaluation<br/>reserve</u><br>\$'000 | <u>Accumulated<br/>profits</u><br>\$'000 | <u>Total</u><br>\$'000 |
|--|------------------------------------|---|--------------------------------------|---|--|------------------------|
| <b>GROUP</b>   |                                    |   |                                      |   |  |                        |
| Balance at October 1, 2021                             | 36,991                             | 660   | 938                                  | (944)   | 37,368                                   | 75,013                 |
| Total comprehensive income for the year                |                                    |   |                                      |   |  |                        |
| Profit for the year                                    | -                                  | -   | -                                    | -   | 3,604                                    | 3,604                  |
| Other comprehensive income for the year                | -                                  | (887)   | -                                    | 1,698   | -  | 811                    |
| Total  | -                                  | (887)   | -                                    | 1,698   | 3,604                                    | 4,415                  |
| Transaction with owners, recognised directly in equity |                                    |   |                                      |   |  |                        |
| Dividends  | -                                  | -   | -                                    | -   | (4,196)                                  | (4,196)                |
| Balance at September 30, 2022                          | 36,991                             | (227)   | 938                                  | 754   | 36,776                                   | 75,232                 |
| Total comprehensive loss for the year                  |                                    |   |                                      |   |  |                        |
| Profit for the year                                    | -                                  | -   | -                                    | -   | 753                                      | 753                    |
| Other comprehensive loss 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)                |
| <b>Balance at September 30, 2023</b>                   | <b>36,991</b>                      | <b>(3,202)</b>  | <b>938</b>                           | <b>408</b>  | <b>34,172</b>                            | <b>69,307</b>          |

|  | <u>Share<br/>capital</u><br>\$'000 | <u>Investment<br/>revaluation<br/>reserve</u><br>\$'000 | <u>Accumulated<br/>profits</u><br>\$'000 | <u>Total</u><br>\$'000 |
|--|------------------------------------|---|--|------------------------|
| <b>COMPANY</b>   |                                    |   |  |                        |
| Balance at October 1, 2021   | 36,991                             | 27  | 5,448                                    | 42,466                 |
| Total comprehensive income for the year  |                                    |   |  |                        |
| Profit for the year  | -                                  | -   | 3,348                                    | 3,348                  |
| Other comprehensive income for the year  | -                                  | 3   | -  | 3                      |
| Total  | -                                  | 3   | 3,348                                    | 3,351                  |
| Dividends, representing transaction with owners, recognised directly in equity | -                                  | -   | (4,196)                                  | (4,196)                |
| Balance at September 30, 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)                |
| <b>Balance at September 30, 2023</b>   | <b>36,991</b>                      | <b>40</b>   | <b>2,116</b>                             | <b>39,147</b>          |

## D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

12 months ended:

|   | <u>30-09-23</u> | <u>30-09-22</u> |
|---|-----------------|-----------------|
|   | <u>\$'000</u>   | <u>\$'000</u>   |
| <b>Operating activities</b>                                       |                 |                 |
| Profit before tax   | 765             | 3,985           |
| Adjustments for:  |                 |                 |
| Allowance for (Reversal of) inventory obsolescence (net)          | 179             | (428)           |
| Depreciation of property, plant and equipment                     | 829             | 887             |
| Depreciation of right-of-use assets                               | 838             | 906             |
| Dividend income   | (8)             | (6)             |
| Finance costs   | 105             | 148             |
| Gain on disposal of asset held for sale                           | (202)           | -               |
| Gain on disposal of right-of-use assets                           | (141)           | -               |
| Interest income   | (1,096)         | (298)           |
| Loss allowance recognised on trade receivables                    | 475             | 362             |
| Loss on disposal of property, plant and equipment                 | 224             | 10              |
| Property, plant and equipment written off                         | 31              | -               |
| (Reversal of) Loss on impairment on property, plant and equipment | (47)            | 16              |
| Reversal of impairment on right-of-use-assets                     | (29)            | (66)            |
| Share of results of associate                                     | (41)            | (79)            |
| Operating profit before movements in working capital              | 1,882           | 5,437           |
| Trade receivables   | 774             | (2,370)         |
| Other receivables   | (259)           | 284             |
| Inventories   | (2,219)         | 203             |
| Trade payables  | 408             | (3,887)         |
| Other payables  | 161             | (463)           |
| Cash from (used in) operations                                    | 747             | (796)           |
| Interest received   | 1,096           | 298             |
| Interest paid   | (105)           | (148)           |
| Income tax paid   | (554)           | (615)           |
| Net cash from (used in) operating activities                      | 1,184           | (1,261)         |
| <b>Investing activities</b>                                       |                 |                 |
| Dividend received from associate                                  | 71              | 114             |
| Dividend received from equity instruments held at FVTOCI          | 8               | 6               |
| Proceeds from disposal of property, plant and equipment           | 141             | 24              |
| Proceeds from disposal of asset held for sale                     | 404             | -               |
| Proceeds from disposal of right-of-use assets                     | 225             | -               |
| Purchase of property, plant and equipment                         | (538)           | (1,199)         |
| Net cash from (used in) investing activities                      | 311             | (1,055)         |
| <b>Financing activities</b>                                       |                 |                 |
| Dividends paid  | (3,357)         | (4,196)         |
| Repayment of lease liabilities                                    | (909)           | (780)           |
| Net cash used in financing activities                             | (4,266)         | (4,976)         |
| Net decrease in cash and cash equivalents                         | (2,771)         | (7,292)         |
| Cash and cash equivalents at beginning of period                  | 30,956          | 38,578          |
| Net effect of foreign exchange rate changes                       | (137)           | (330)           |
| <b>Cash and cash equivalents at end of period</b>                 | <b>28,048</b>   | <b>30,956</b>   |
| <b>Cash and cash equivalents represent:</b>                       |                 |                 |
| Cash and bank balances  | 8,423           | 8,234           |
| Fixed deposits  | 19,770          | 22,878          |
|   | 28,193          | 31,112          |
| Less: Fixed deposits and bank balances pledged                    | (145)           | (156)           |
|   | <b>28,048</b>   | <b>30,956</b>   |

## **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 2023 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 2023 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 2022.

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 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 Interpretations (“SFRS(I) INTs”) that are mandatory for the accounting periods beginning on or after 1 October 2022. 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 2022 apart from those highlighted in the following paragraph. Details can be found in Note 3 to the annual financial statements for the year ended 30 September 2022 except for estimates on allowance for doubtful debts and valuation of financial assets at FVTOCI.

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       |              |
|-------------------------------|---------------|---------------|--------------|--------------|
|                               | FY23H2        | FY22H2        | FY23H2       | FY22H2       |
|                               | \$'000        | \$'000        | \$'000       | \$'000       |
| Contract Manufacturing        | 24,928        | 31,317        | 398          | 867          |
| Trading                       | 3,928         | 4,183         | 455          | 603          |
| Others                        | 8             | 6             | (558)        | (386)        |
| <b>Total</b>                  | <b>28,864</b> | <b>35,506</b> | <b>295</b>   | <b>1,084</b> |
| Interest income               |               |               | 654          | 249          |
| Share of results of associate |               |               | 41           | 79           |
| Finance costs                 |               |               | (47)         | (69)         |
| Profit before tax             |               |               | 943          | 1,343        |
| Income tax expense            |               |               | 142          | 280          |
| <b>Profit for the period</b>  |               |               | <b>1,085</b> | <b>1,623</b> |

| Group                         | Revenue       |               | Profit       |              |
|-------------------------------|---------------|---------------|--------------|--------------|
|                               | FY23          | FY22          | FY23         | FY22         |
|                               | \$'000        | \$'000        | \$'000       | \$'000       |
| Contract Manufacturing        | 46,042        | 65,783        | (94)         | 3,092        |
| Trading                       | 7,478         | 7,936         | 642          | 1,121        |
| Others                        | 8             | 6             | (815)        | (457)        |
| <b>Total</b>                  | <b>53,528</b> | <b>73,725</b> | <b>(267)</b> | <b>3,756</b> |
| Interest income               |               |               | 1,096        | 298          |
| Share of results of associate |               |               | 41           | 79           |
| Finance costs                 |               |               | (105)        | (148)        |
| Profit before tax             |               |               | 765          | 3,985        |
| Income tax expense            |               |               | (12)         | (381)        |
| <b>Profit for the year</b>    |               |               | <b>753</b>   | <b>3,604</b> |



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

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

|                                   | <b>Group</b>           |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | <b><u>30-09-23</u></b> | <b><u>30-09-22</u></b> |
|                                   | <b><u>\$'000</u></b>   | <b><u>\$'000</u></b>   |
| <i><u>Segment assets</u></i>      |                        |                        |
| Contract manufacturing            | 47,862                 | 51,626                 |
| Trading                           | 3,665                  | 4,248                  |
| Others                            | 723                    | 721                    |
| Total segment assets              | 52,250                 | 56,595                 |
| Unallocated                       | 30,219                 | 33,118                 |
| <b>Consolidated assets</b>        | <b>82,469</b>          | <b>89,713</b>          |
| <i><u>Segment liabilities</u></i> |                        |                        |
| Contract manufacturing            | 9,900                  | 10,060                 |
| Trading                           | 845                    | 840                    |
| Others                            | 383                    | 397                    |
| Total segment liabilities         | 11,128                 | 11,297                 |
| Unallocated                       | 2,034                  | 3,184                  |
| <b>Consolidated liabilities</b>   | <b>13,162</b>          | <b>14,481</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><u>FY23H2</u></b> | <b><u>FY22H2</u></b> | <b><u>FY23</u></b>   | <b><u>FY22</u></b>   |
|------------------------|----------------------|----------------------|----------------------|----------------------|
|                        | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> |
| Contract Manufacturing | 24,928               | 65,783               | 46,042               | 65,783               |
| Trading                | 3,928                | 7,936                | 7,478                | 7,936                |
| Others                 | 8                    | 6                    | 8                    | 6                    |
|                        | <b>28,864</b>        | <b>73,725</b>        | <b>53,528</b>        | <b>73,725</b>        |

##### 4.3 Geographical information

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

| <b>Group</b>                               | <b><u>Revenue</u></b> |                      |                      |                      | <b><u>Non-current assets</u></b> |                        |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------------------|------------------------|
|  | <b><u>FY23H2</u></b>  | <b><u>FY22H2</u></b> | <b><u>FY23</u></b>   | <b><u>FY22</u></b>   | <b><u>30-09-23</u></b>           | <b><u>30-09-22</u></b> |
|  | <b><u>\$'000</u></b>  | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b>             | <b><u>\$'000</u></b>   |
| Romania                                    | 13,654                | 15,279               | 24,683               | 35,277               | -                                | -                      |
| Netherlands                                | 2,349                 | 5,258                | 5,792                | 10,251               | 1,803                            | 2,180                  |
| Europe (excluding Romania and Netherlands) | 1,923                 | 1,557                | 3,366                | 4,903                | -                                | -                      |
| People's Republic of China                 | 3,907                 | 5,381                | 5,851                | 7,954                | 2,229                            | 3,541                  |
| Malaysia                                   | 2,835                 | 3,016                | 5,535                | 6,141                | 4,595                            | 5,047                  |
| Singapore                                  | 2,530                 | 3,149                | 4,951                | 5,271                | 630                              | 660                    |
| Others                                     | 1,666                 | 1,866                | 3,350                | 3,928                | -                                | -                      |
|  | <b>28,864</b>         | <b>35,506</b>        | <b>53,528</b>        | <b>73,725</b>        | <b>9,257</b>                     | <b>11,428</b>          |

## 5. PROFIT BEFORE TAX

### 5.1 SIGNIFICANT ITEMS

| <b>Group</b>   | <b><u>FY23H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY22H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY23</u></b><br><b><u>\$'000</u></b> | <b><u>FY22</u></b><br><b><u>\$'000</u></b> |
|--|--|--|--|--|
| Adjustment for over provision of tax in respect of prior years   | 157  | 435  | 172  | 466  |
| Depreciation of property, plant and equipment                    | (407)  | (547)  | (829)                                      | (887)                                      |
| Depreciation of right-of-use assets                              | (410)  | (448)  | (838)                                      | (906)                                      |
| Foreign exchange gain, net                                       | 320  | 708  | 88   | 527  |
| Loss on disposal of property, plant and equipment                | (259)  | -  | (224)                                      | (10)                                       |
| Gain on disposal of right-of-use assets                          | 141  | -  | 141  | -  |
| Gain on disposal of asset-held-for sales                         | 37   | -  | 202  | -  |
| Loss allowance recognised on trade receivables                   | (475)  | (362)  | (475)                                      | (362)                                      |
| Other income - interest income                                   | 654  | 249  | 1,096                                      | 298  |
| Other income - others  | 274  | 370  | 450  | 851  |
| Property, plant and equipment written off                        | (31)   | -  | (31)                                       | -  |
| (Allowance for) Reversal of allowance for inventory obsolescence | (262)  | 497  | (179)                                      | 428  |
| Reversal of (Loss on) impairment on plant and equipment          | 47   | (16)   | 47   | (16)                                       |
| Reversal of impairment on right-of-use asset                     | 29   | 66   | 29   | 66   |

### 5.2 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

| <b>Group</b>                 | <b><u>FY23H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY22H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY23</u></b><br><b><u>\$'000</u></b> | <b><u>FY22</u></b><br><b><u>\$'000</u></b> |
|------------------------------|--|--|--|--|
| Transactions with associate: |  |  |  |  |
| - Purchase of goods          | 3  | 1  | 271  | 11   |
| - Commission expense         | 591  | 436  | 886  | 936  |

## 6. INCOME TAX EXPENSE

| <b>Group</b>                   | <b><u>FY23H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY22H2</u></b><br><b><u>\$'000</u></b> | <b><u>FY23</u></b><br><b><u>\$'000</u></b> | <b><u>FY22</u></b><br><b><u>\$'000</u></b> |
|--------------------------------|--|--|--|--|
| Current tax:                   |  |  |  |  |
| Singapore                      | 3  | (288)  | 6  | 157  |
| Foreign                        | 306  | 201  | 472  | 448  |
| Deferred tax                   | (294)  | 242  | (294)                                      | 242  |
| Over provision in prior years: |  |  |  |  |
| Current tax                    | (114)  | (435)  | (129)                                      | (466)                                      |
| Deferred tax                   | (43)   | -  | (43)                                       | -  |
|                                | (142)  | (280)  | 12   | 381  |

## 7. EARNINGS PER SHARE

|  | FY23H2     | FY22H2     | FY23       | FY22       |
|--|------------|------------|------------|------------|
| 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  | 1.9 cents  | 0.9 cents  | 4.3 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  | 1.9 cents  | 0.9 cents  | 4.3 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, 2023)                                      | 82.6 cents | 46.6 cents |
| (b) Immediately preceding financial year (September 30, 2022)                          | 89.6 cents | 49.6 cents |

## 9. ASSET HELD FOR SALE

During the financial year ended 30 September 2023, the Group disposed part of its leasehold land and building that was classified as asset held-for-sale as at 30 September 2022 to a third party at a selling price of approximately \$404,000.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 30 September 2023, the Group acquired assets amounting to \$538,000 (2022: \$1,199,000) and disposed of assets amounting to \$400,000 (2022: \$34,000).

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

|   | <u>Group</u>                     |                                  | <u>Company</u>                   |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | <u>30-09-23</u><br><u>\$'000</u> | <u>30-09-22</u><br><u>\$'000</u> | <u>30-09-23</u><br><u>\$'000</u> | <u>30-09-22</u><br><u>\$'000</u> |
| Investments in equity instruments designated at FVTOCI: |                                  |                                  |                                  |                                  |
| Quoted equity shares                                    | 132                              | 122                              | 132                              | 122                              |
| Unquoted equity shares                                  | 1,347                            | 1,703                            | -                                | -                                |
|   | <u>1,479</u>                     | <u>1,825</u>                     | <u>132</u>                       | <u>122</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.

## 11. 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:

| <b>30-09-23</b>                          | Level 1              | Level 2              | Level 3              | Total                |
|--|----------------------|----------------------|----------------------|----------------------|
| <b><u>Financial assets, at FVOCI</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> | <b><u>\$'000</u></b> |
| - Quoted equity shares                   | 132                  | -                    | -                    | 132                  |
| - Unquoted equity shares                 | -                    | -                    | 1,347                | 1,347                |
|  | <b>132</b>           | <b>-</b>             | <b>1,347</b>         | <b>1,479</b>         |
| <br>                                     |                      |                      |                      |                      |
| <b>30-09-22</b>                          |                      |                      |                      |                      |
| <b><u>Financial assets, at FVOCI</u></b> |                      |                      |                      |                      |
| - Quoted equity shares                   | 122                  | -                    | -                    | 122                  |
| - Unquoted equity shares                 | -                    | -                    | 1,703                | 1,703                |
|  | <b>122</b>           | <b>-</b>             | <b>1,703</b>         | <b>1,825</b>         |

## 12. BANK BORROWINGS AND DEBT SECURITIES

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

| As at September 30, 2023 |                     | As at September 30, 2022 |                     |
|--------------------------|---------------------|--------------------------|---------------------|
| Secured<br>\$'000        | Unsecured<br>\$'000 | Secured<br>\$'000        | Unsecured<br>\$'000 |
| Nil                      | 732*                | Nil                      | 836*                |

### (b) Amount repayable after one year

| As at September 30, 2023 |                     | As at September 30, 2022 |                     |
|--------------------------|---------------------|--------------------------|---------------------|
| Secured<br>\$'000        | Unsecured<br>\$'000 | Secured<br>\$'000        | Unsecured<br>\$'000 |
| Nil                      | 1,208*              | Nil                      | 2,095*              |

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

### (c) Details of any collateral

Approximately \$145,000 (FY22: \$156,000) of the Group's fixed deposits is pledged to a bank in return for bank guarantees issued to third parties.

### 13. SHARE CAPITAL

|   | <b>Group and Company</b>  |                 |                 |                 |
|---|---------------------------|-----------------|-----------------|-----------------|
|   | <u>30-09-23</u>           | <u>30-09-22</u> | <u>30-09-23</u> | <u>30-09-22</u> |
|   | <u>'000</u>               | <u>'000</u>     | <u>\$'000</u>   | <u>\$'000</u>   |
|   | 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 2023*

For second half year ended September 30, 2023 ("FY23H2"), the Group recorded revenue and profit before tax of \$28.9m and \$0.9m respectively. Revenue declined \$6.6m or 18.7% compared to half-year ended September 30, 2022 ("FY22H2") due mainly to a reduction in contract manufacturing sales as a result of lower customer demand and customers' requests to defer deliveries.

Gross profit in FY23H2 only declined \$0.1m despite the reduction in sales. This is due to a more favourable product mix which resulted in an increase in the gross profit margin to 20.9% vs 17.3% in FY22H2.

Other operating expenses increased by \$0.3m mainly due to losses incurred from the disposal of plant and equipment, as well as the recognition of loss allowances on trade receivables.

Income tax expense in FY23H2 declined by \$0.2m compared to last year due to adjustments of deferred taxes.

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

In FY23H2, the Group recorded a \$0.3m fair value loss vs \$1.7m fair value gain in FY22H2. The decrease is due mainly to a reduction in the fair value of the Group's investment in DSP Innovation BV as assessed by an independent valuer engaged by the Group.

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

### **Statement of Comprehensive Income**

#### *Full year ended 30 September 2023*

For the year ended September 30, 2023 ("FY23"), the Group recorded revenue and profit before tax of \$53.5m and \$0.8m respectively. Revenue declined \$20.2m or 27.4% compared to the year ended September 30, 2022 ("FY22") due mainly to a reduction in contract manufacturing sales as a result of lower customer demand and customers' requests to defer deliveries.

FY23 gross profit declined \$3.8m to \$10.6m due mainly to the lower sales. Gross profit margin is maintained at 19.9% vs 19.6% in FY22.

Other operating income increased by \$0.3m, which can be attributed primarily to higher interest income from fixed deposits due to increased interest rates, as well as gains from the disposal of assets held-for-sale and right-of-use assets. These increases were partially offset by lower foreign exchange gains and lower government grants, which reduced vs FY22 due mainly to the discontinuation of Covid-19 related grants.

Distribution costs declined in line with the lower sales.

Other operating expenses increased by \$0.3m mainly due to losses incurred from the disposal of plant and equipment, as well as the recognition of loss allowances on trade receivables.

Income tax expense declined by \$0.4m compared to last year due to lower profit for the year and adjustments of deferred taxes.

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

Under other comprehensive income, a fair value loss of \$0.3m was recorded in FY23 due mainly to a reduction in the fair value of the Group's investment in DSP Innovation BV as assessed by independent valuer engaged by the Group. A \$3.0m exchange loss on translation of foreign operations arose was recorded due mainly to the weakening of the Malaysian Ringgit and the Chinese Renminbi against the Singapore Dollar.

### **Statement of Financial Position**

Trade receivables reduced by \$2.8m in line with the lower sales.

Inventories rose by \$0.6m due to customers' requests to delay deliveries as well as to hold more buffer stocks to help reduce the impact from supply chain disruptions.

Cash balance reduced by \$2.9m during the year due to dividend payment and offset with 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 and sentiment remains highly uncertain, with multiple headwinds from heightened geopolitical tensions, inflationary pressures, and supply chain challenges.

The industries that the Group operates in remain highly competitive, and the Group continues to face intense pressures from customers for lower pricing on its products. At the same time, inflationary pressures remain a concern in Malaysia and China, where the Group's 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.

On top of the above, foreign exchange rates still remain volatile due to recent global events. 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.

While the ongoing international trade tensions have not had a significant impact on the Group, any continuation or escalation of the tensions in future may result in deterioration in economic sentiments, which may in turn affect demand for the Group's products.

#### **5. DIVIDEND INFORMATION**

The directors are pleased to propose as follows:

| <b>Current period reported on:</b>                      |                     |
|---|---------------------|
| Type of dividend  | Final               |
| Amount per share  | 2.0 cents           |
| Tax rate  | One-tier tax exempt |
|   |                     |
| <b>Corresponding period of previous financial year:</b> |                     |
| Type of dividend  | Final               |
| Amount per share  | 3.0 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 16 February 2024.

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 26 January 2024 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 26 January 2024 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 26 January 2024 will be entitled to the proposed dividend.



**5. DIVIDEND INFORMATION (CONT'D)**

**Breakdown of total annual dividend**

|               | Latest Full Year ended<br>September 30, 2023<br>(One-tier tax exempt dividend*) | Previous Full Year ended<br>September 30, 2022<br>(One-tier tax exempt dividend*) |
|---------------|---|---|
| Ordinary      | \$2,517,503   | \$4,195,838   |
| Preference    | -   | -   |
| <b>Total:</b> | <b>\$2,517,503</b>  | <b>\$4,195,838</b>  |

\* 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<br>year<br>\$'000 | Previous<br>financial year<br>\$'000 | % increase /<br>(decrease) |
|-----|--|------------------------------------|--------------------------------------|----------------------------|
| (a) | Sales reported for first half year   | 24,664                             | 38,219                               | (35.5)                     |
| (b) | Operating (loss) profit after tax before deducting minority interests reported for first half year | (332)                              | 1,981                                | n.m.                       |
| (c) | Sales reported for second half year  | 28,864                             | 35,506                               | (18.7)                     |
| (d) | Operating profit after tax before deducting minority interests reported for second half year       | 1,085                              | 1,623                                | (33.1)                     |

**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,<br>and the year the position was<br>first held   | Details of<br>changes in<br>duties and<br>position held,<br>if any, during<br>the year |
|---------------------|-----|---|---|--|
| Tan Bee Foon        | 63  | Sister of all directors (except independent directors)  | General Manager in Human Resource and Administration<br>- in charge of human resource management and general admin matters.<br>- Position held since 1 <sup>st</sup> Jan 2000.  | No changes   |
| Eugene Tan Wei Kang | 52  | Nephew of all directors (except independent directors)  | Head of Business Development of PNE Appliance Controls Pte Ltd.<br>- in charge of developing new business for the company.<br>- Position held since 1 <sup>st</sup> Jul 2006.   | No changes   |
| Tan Meng Siew       | 51  | Daughter of chairman, Mr Tan Kong Heng, niece of all other directors (except independent directors) | Financial Controller<br>- in charge of finance and accounting functions.<br>- Position first held in 1999.<br>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 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 28, 2023**