

NEW WAVE HOLDINGS LTD.

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30/09/2014

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.

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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		Increase/ (Decrease) %
	Half year ended 30 September		
	2014 S\$'000	2013 S\$'000	
Revenue	12,332	11,416	8.0
Cost of sales	(9,915)	(9,163)	8.2
Gross profit	2,417	2,253	7.3
Other income	196	233	(15.9)
Distribution costs	(344)	(278)	23.7
Administrative expenses	(2,040)	(1,897)	7.5
Other expenses	(243)	(187)	29.9
Finance costs	(70)	(57)	22.8
(Loss)/Profit before income tax	(84)	67	NM
Income tax expense	(154)	(46)	234.8
(Loss)/Profit for the financial period attributable to owners of the parent	(238)	21	NM
Other comprehensive income for the financial period, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	67	(68)	NM
Total comprehensive income for the financial period, attributable to owners of the parent	(171)	(47)	263.8

1(a)(ii) Notes to consolidated statement of comprehensive income

	Group Half year ended 30 September		Increase/ (Decrease) %
	2014 S\$'000	2013 S\$'000	
(Loss)/Profit before income tax is arrived at:			
After charging:			
Depreciation of property, plant and equipment	166	111	49.5
Allowance for impairment of trade receivables	1	-	NM
Amortisation of intangible asset	76	76	-
Interest expense	70	57	22.8
and crediting:			
Interest income	6	8	(25.0)
Write back of impairment in value of trade receivables no longer required	-	24	NM
Rental income	32	31	3.2
Gain on disposal of plant and equipment	-	4	NM
Fair value gain of financial derivative instruments	-	32	NM
Foreign exchange gain, net	67	62	8.1

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	
	As at 30/09/2014 S\$'000	As at 31/03/2014 S\$'000	As at 30/09/2014 S\$'000	As at 31/03/2014 S\$'000
Non-current assets				
Property, plant and equipment	3,107	3,192	2	3
Investment properties	2,815	2,815	-	-
Intangible assets	1,346	1,422	-	-
Deferred tax asset	72	72	-	-
Investments in subsidiaries	-	-	14,838	14,838
	<u>7,340</u>	<u>7,501</u>	<u>14,840</u>	<u>14,841</u>
Current assets				
Inventories	11,487	11,214	-	-
Trade and other receivables	7,150	5,922	6,606	6,646
Prepayments	186	153	17	10
Current income tax recoverable	-	7	-	-
Cash and cash equivalents	4,787	4,448	1,831	2,300
	<u>23,610</u>	<u>21,744</u>	<u>8,454</u>	<u>8,956</u>
Less:-				
Current liabilities				
Trade and other payables	3,146	3,312	2,947	2,965
Interest-bearing liabilities	4,994	3,032	-	-
Current income tax payable	109	27	-	-
	<u>8,249</u>	<u>6,371</u>	<u>2,947</u>	<u>2,965</u>
Net current assets	<u>15,361</u>	<u>15,373</u>	<u>5,507</u>	<u>5,991</u>
Less:-				
Non-current liabilities				
Interest-bearing liabilities	1,228	1,230	-	-
Deferred tax liabilities	165	165	-	-
	<u>1,393</u>	<u>1,395</u>	<u>-</u>	<u>-</u>
Net assets	<u>21,308</u>	<u>21,479</u>	<u>20,347</u>	<u>20,832</u>
Capital and reserves				
Share capital	24,752	24,752	24,752	24,752
Asset revaluation reserve	315	315	-	-
Share-based payment reserve	31	31	31	31
Foreign currency translation reserve	(86)	(153)	-	-
Accumulated losses	(3,704)	(3,466)	(4,436)	(3,951)
Equity attributable to owners of the parent	<u>21,308</u>	<u>21,479</u>	<u>20,347</u>	<u>20,832</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30/09/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
127	4,867	117	2,915

Amount repayable after one year

As at 30/09/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,228	-	1,230	-

Details of any collateral

Amounts due to finance lease creditors (included in interest-bearing liabilities) are secured by plant and equipment acquired under finance lease contracts.

Term loan (included in interest-bearing liabilities) to finance the purchase of the new factory in Malaysia is secured by a legal charge against the property as well as a corporate guarantee provided by the Company.

Trust receipts of the subsidiaries (included in interest-bearing liabilities) are secured by corporate guarantees provided 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	
	Half year ended 30 September	
	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Loss/(Profit) before income tax	(84)	67
Adjustments for:-		
Allowance for impairment of trade receivables	1	-
Amortisation of intangible assets	76	76
Depreciation of property, plant and equipment	166	111
Fair value gain of derivative financial instruments	-	(32)
Gain on disposal of plant and equipment	-	(4)
Interest expense	70	57
Interest income	(6)	(8)
Write back of allowance for impairment of trade receivables no longer required	-	(24)
Operating cash flows before working capital changes	223	243
Working capital changes:-		
Inventories	(174)	(1,344)
Trade and other receivables	(1,187)	(1,906)
Trade and other payables	(176)	192
Prepayments	(31)	(100)
Cash used in operations	(1,345)	(2,915)
Interest received	6	8
Interest paid	(70)	(57)
Income taxes (paid)/refunded, net	(66)	37
Net cash used in operating activities	(1,475)	(2,927)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	4
Purchase of property, plant and equipment (Note B)	(33)	(1,916)
Net cash used in investing activities	(33)	(1,912)
Cash flows from financing activities		
Proceeds from trust receipts	6,668	7,157
Repayments of trust receipts	(4,719)	(5,593)
Repayments of finance lease obligations	(11)	(9)
Repayments of term loan	(20)	-
Net cash generated from financing activities	1,918	1,555
Net change in cash and cash equivalents	410	(3,284)
Cash and cash equivalents at the beginning of the financial year	4,447	7,779
Effect of currency translation on cash and cash equivalents	(70)	(49)
Cash and cash equivalents at the end of the financial year (Note A)	4,787	4,446

Note A:

Cash and cash equivalents comprised:

	As at 30/09/2014 S\$'000	As at 30/09/2013 S\$'000
Fixed deposits with banks	1,821	2,401
Cash and bank balances	2,966	2,045
	<u>4,787</u>	<u>4,446</u>

Note B:

Additions to property, plant and equipment comprised:

	As at 30/09/2014 S\$'000	As at 30/09/2013 S\$'000
Additions to property, plant and equipment	63	1,960
Acquired under finance lease agreements	(30)	(44)
	<u>33</u>	<u>1,916</u>

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

The Group	Equity attributable to owners of the parent					
	Share capital S\$'000	Asset revaluation reserve S\$'000	Share-based payment reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses/profits S\$'000	Total S\$'000
Balance at 1 April 2014	24,752	315	31	(153)	(3,466)	21,479
Profit for the financial period	-	-	-	-	(238)	(238)
Exchange differences on translating foreign operations	-	-	-	67	-	67
Total comprehensive income for the financial period	-	-	-	67	(238)	(171)
Balance at 30 September 2014	<u>24,752</u>	<u>315</u>	<u>31</u>	<u>(86)</u>	<u>(3,704)</u>	<u>21,308</u>
Balance at 1 April 2013	24,752	315	31	14	(2,665)	22,447
Profit for the financial period	-	-	-	-	21	21
Exchange differences on translating foreign operations	-	-	-	(68)	-	(68)
Total comprehensive income for the financial period	-	-	-	(68)	21	(47)
Balance at 30 September 2013	<u>24,752</u>	<u>315</u>	<u>31</u>	<u>(54)</u>	<u>(2,644)</u>	<u>22,400</u>

The Company	Share capital S\$'000	Share-based payment reserve S\$'000	Accumulated losses/profits S\$'000	Total S\$'000
Balance at 1 April 2014	24,752	31	(3,951)	20,832
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(485)	(485)
Balance at 30 September 2014	<u>24,752</u>	<u>31</u>	<u>(4,436)</u>	<u>20,347</u>
Balance at 1 April 2013	24,752	31	(3,110)	21,673
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(448)	(448)
Balance at 30 September 2013	<u>24,752</u>	<u>31</u>	<u>(3,558)</u>	<u>21,225</u>

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 issued shares (excluding treasury shares) 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.

The share capital of the Company was S\$24,752,128 comprising 1,457,469,695 shares, as at 30 September 2014 and 31 March 2014. There was no change in the Company's share capital from 31 March 2014 up to 30 September 2014.

There were no outstanding convertible securities or treasury shares as at 30 September 2014 and 30 September 2013.

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.

The total number of issued shares as at 30 September 2014 and 31 March 2014 was 1,457,469,695 shares.

The Company did not have treasury shares as at 30 September 2014 and 31 March 2014.

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 as the Company did not have any 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 which auditing standard or practice.**

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 a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

Saved as disclosed in paragraph 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 31 March 2014.

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 new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective in the financial periods beginning on or after 1 April 2014. The adoption of these new or revised FRS and INT FRS where relevant has no material impact on the Group's accounting policies and/or the 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.**

	Group	
	Half year ended	
	30/09/2014	30/09/2013
(Loss)/Profit attributable to owners of the parent (SGD'000)	(238)	21
(Loss)/Earnings per ordinary share after deducting any provision for preference dividends:-		
(a) Based on the weighted average number of ordinary shares in issue (SGD cents)	(0.016)	0.001
(b) On a fully diluted basis (SGD cents)	(0.016)	0.001

(Loss)/Earnings per ordinary share for the financial periods ended 30 September 2014 and 30 September 2013 in Item 6(a) is computed based on the profit attributable to the owners of the parent divided by the weighted average number of ordinary shares in issue of 1,457,469,695 for the said financial periods.

(Loss)/Earnings per ordinary share on a fully diluted basis for the financial periods ended 30 September 2014 and 30 September 2013 in Item 6(b) are the same as the basic (loss)/earnings per ordinary share because the Company did not have any potentially dilutive ordinary shares during and as at the end of the said financial periods.

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 30/09/2014	As at 31/03/2014	As at 30/09/2014	As at 31/03/2014
Net asset value per ordinary share based on issued share capital (SGD cents)	1.46	1.47	1.40	1.43

Net asset value per ordinary share of the Group and the Company are computed based on the net assets of the Group and the Company respectively, divided by the number of issued ordinary shares of 1,457,469,695 shares as at 30 September 2014 and 31 March 2014.

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, asset or liabilities of the group during the current financial period reported on.**

Review of the Financial Performance of the Group – Six months ended 30 September 2014 (“1H2015”) vs. Six months ended 30 September 2013 (“1H2014”)

Turnover

Group revenue increased by 8.0%, from S\$11.42 million in 1H2014 to S\$12.33 million in 1H2015. The Group's efforts to expand its customer network in Malaysia and the PRC for the aluminium products distribution division have been rewarded with a 16.0% increase in sales for this division. This increase was partially offset by a 25.5% decrease in sales from the components distribution division. In general, the electronics components industry faces keen competition and the challenges of eroding margins and shrinking product and technology cycles.

Profit Before Income Tax

The Group's gross profit margin remained relatively constant at 19.6% and 19.7% in 1H2015 and 1H2014 respectively. Due to the increased sales, there was a corresponding increase in gross profit of 7.3% in 1H2015 as compared to 1H2014.

Other income decreased by 15.9%, from S\$0.23 million in 1H2014 to S\$0.20 million in 1H2015. Included in other income for 1H2014 was a write back of trade receivables collected of S\$0.02 million and a fair value gain of derivative financial instruments of S\$0.03 million that did not recur in 1H2015.

Distribution costs increased by 23.7% from S\$0.28 million in 1H2014 to S\$0.34 million in 1H2015. Sales commission and freight costs increased by S\$0.01 million and S\$0.05 million

respectively in 1H2015 as compared to 1H2014. Administrative expenses increased by 7.5% from S\$1.90 million to S\$2.04 million. Rentals decreased by 14.9% as the offices of Malaysian subsidiaries and the metal service centre are now housed in the factory building purchased by the Group in the previous financial year. However this decrease was insufficient to offset other increases in expenses, in particular that of employment costs which increased by 11.7%.

Other expenses increased by 29.9% from S\$0.19 million in 1H2014 to S\$0.24 million in 1H2015. The increase was due to higher depreciation charges in 1H2015 of S\$0.17 million as compared to S\$0.11 million in 1H2014. Depreciation charges in 1H2015 included 6 months depreciation charges on the Malaysian factory building and related renovations costs.

Finance costs, which comprised interest charges for trust receipts, term loan and finance leases increased 22.8% from S\$0.06 million in 1H2014 to S\$0.07 million in 1H2015. The term loan of RM3.42 million was drawn down in the second half of the previous financial year to finance the purchase of the Malaysian factory; hence, interest payments in 1H2015 included S\$0.03 million term loan interests, which were not incurred in 1H2014.

As a result of the above, the Group recorded a loss before income tax of S\$0.08 million in 1H2015, as compared to a profit before income tax of S\$0.07 million in 1H2014.

Assets and Liabilities

Additions to property, plant and equipment totalled S\$0.06 million which comprised a new forklift for the Malaysian factory, warehousing racks and other sundry office equipment. The additions to property, plant and equipment were more than offset by the depreciation charge of S\$0.17 million, resulting in a decrease in value of property, plant and equipment from S\$3.19 million to S\$3.11 million.

The value of investment properties remained unchanged at S\$2.82 million as at the beginning and end of 1H2015.

Intangible assets decreased by an amortisation charge of S\$0.08 million to S\$1.35 million as at 30 September 2014.

Inventories remained fairly constant at S\$11.21 million and S\$11.49 million as at 31 March 2014 and 30 September 2014 respectively. The increased sales and consequent increased purchases did not result in higher levels of inventories, as the Group strived to maintain inventory at an optimal level that is sufficient to meet sales demands and yet has a minimum buffer.

Trade and other receivables increased from S\$5.92 million as at 31 March 2014 to S\$7.15 million as at 30 September 2014, in tandem with increased sales.

Trade and other payables decreased from S\$3.31 million as at 31 March 2014 to S\$3.15 million as at 30 September 2014 despite the higher purchase volume to meet increased sales. This was because most of the purchases of the aluminium products distribution division were imports financed by trust receipts; thus, the trade payables outstanding at the end of the period comprised mainly amounts due to local suppliers as well as suppliers for the components distribution division.

Interest-bearing liabilities (including non-current liabilities) comprised trust receipts owing to banks, a term loan owing to a bank and outstanding finance leases. As at 31 March 2014, the balance was S\$3.03 million and it increased to S\$4.99 million as at 30 September 2014. The increase was due to the higher usage of bank facilities to finance purchases, in line with increased sales.

The Group had a positive working capital of S\$15.36 million as at the end of 1H2015.

Cash Flow and Working Capital

Cash and cash equivalents increased from S\$4.45 million as at the beginning of 1H2015 to S\$4.79 million as at the end of 1H2015.

Net cash used in operating activities amounted to S\$1.48 million with the main component being an increase in trade and other receivables of S\$1.19 million. This increase, mainly from trade receivables, was in line with increased sales for 1H2015.

Net cash used in investing activities amounted to S\$0.03 million spent on purchases of plant and equipment. Total expenditure for plant and equipment was S\$0.06 million and included the purchase of a forklift costing S\$0.04 million (bought with an 80% finance lease), as well as warehousing racks and other sundry office equipment.

Net cash generated from financing activities amounted to S\$1.92 million during 1H2015 and comprised mainly trust receipts drawn to finance purchases of inventories. Proceeds from trust receipts of S\$6.67 million were received, offset by S\$4.72 million of repayments made.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable as no forecast or prospect statement has been disclosed previously to shareholders.

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 groundwork for improving our stocking programme and logistics systems has been done at the Singapore head office. We shall be implementing the resource planning systems at the Malaysian and PRC subsidiaries within the next year. Efforts to expand the customer network for the aluminium products distribution business throughout Malaysia and in the PRC have resulted in increased sales for 1H2015. However, we continue to face challenges from competitors in terms of pricing and margins and so we are expecting a tougher road ahead.

We are cautious on the outlook for the components distribution business in Singapore. The sluggish electronics components industry and challenges in the form of short technology cycles and pricing competition have adverse effects on our revenue. We are directing our efforts towards establishing our newer product lines in the Malaysian markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) ***Date payable***

Not Applicable.

(d) ***Books closure date***

Not Applicable.

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

No dividend has been declared or recommended for 1H2015.

13. Requirement under Rule 705(5) of the SGX-ST Listing Manual Section B: Rules of Catalist

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results for 1H2015 false or misleading in any material aspect.

14. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“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.

The Group does not have a general mandate for IPTs. There was no IPT with value of S\$100,000 or more during 1H2015.

15. Update on Use of Rights Issue Proceeds

On 18 December 2009, the Company completed a rights issue and raised gross proceeds amounting to approximately S\$8.46 million (the “**Rights Issue Proceeds**”). The following table shows the use of the Rights Issue Proceeds as at the date of this announcement:

Intended Use	S\$ million		
	Approximate Amount Allocated	Amount Used To-Date	Amount Remaining
General working capital	2.49	2.49 ⁽¹⁾	-
Support business development, and provide liquidity for business expansion through acquisitions, joint ventures and collaborations	5.81	4.69 ⁽²⁾	1.12
Expenses incurred in connection with the Rights Issue	0.16	0.16	-
Total	8.46	7.34	1.12

Notes:

⁽¹⁾ Mainly used for the purchase of inventories.

⁽²⁾ During 1H2015, an additional S\$1.25million was utilised for the purchase of inventories.

BY ORDER OF THE BOARD

Ong Kian Soon
Chief Executive Officer
13 November 2014