

NEW WAVE HOLDINGS LTD.

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30/09/2015

This announcement has been prepared by New Wave Holdings Ltd. (the “Company”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

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

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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		
	2015 S\$'000	2014 S\$'000	
Revenue	11,151	12,332	(9.6)
Cost of sales	(9,121)	(9,915)	(8.0)
Gross profit	2,030	2,417	(16.0)
Other income	76	196	(61.2)
Distribution costs	(264)	(344)	(23.3)
Administrative expenses	(2,010)	(2,040)	(1.5)
Other expenses	(438)	(243)	80.2
Finance costs	(95)	(70)	35.7
Loss before income tax	(701)	(84)	734.5
Income tax expense	(36)	(154)	(76.6)
Loss for the financial period attributable to owners of the parent	(737)	(238)	209.7
Other comprehensive income for the financial period, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(485)	67	(823.9)
Total comprehensive income for the financial period, attributable to owners of the parent	(1,222)	(171)	614.6

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

	Group Half year ended 30 September		Increase/ (Decrease) %
	2015 S\$'000	2014 S\$'000	
Loss before income tax is arrived at:			
After charging:			
Depreciation of property, plant and equipment	141	166	(15.1)
Allowance for impairment of trade receivables	-	1	NM
Amortisation of intangible asset	76	76	-
Interest expense	95	70	35.7
Foreign exchange loss, net	221	-	NM
and crediting:			
Interest income	6	6	-
Write back of allowance for impairment of trade receivables no longer required	2	-	NM
Rental income	25	32	(21.9)
Gain on disposal of plant and equipment	8	-	NM
Foreign exchange gain, net	-	67	NM

NM = Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30/09/2015 S\$'000	As at 31/03/2015 S\$'000	As at 30/09/2015 S\$'000	As at 31/03/2015 S\$'000
Non-current assets				
Property, plant and equipment	2,640	2,909	1	2
Investment properties	2,815	2,815	-	-
Intangible assets	1,194	1,270	-	-
Investments in subsidiaries	-	-	19,838	19,838
Deferred tax asset	72	72	-	-
	<u>6,721</u>	<u>7,066</u>	<u>19,839</u>	<u>19,840</u>
Current assets				
Inventories	13,024	12,815	-	-
Trade and other receivables	5,267	6,629	6,978	6,598
Prepayments	90	157	17	11
Income tax recoverable	33	7	-	-
Cash and cash equivalents	2,475	4,031	516	1,399
	<u>20,889</u>	<u>23,639</u>	<u>7,511</u>	<u>8,008</u>
Less:-				
Current liabilities				
Trade and other payables	1,806	3,253	2,991	2,955
Interest-bearing liabilities	5,209	5,459	-	-
Current income tax payable	13	20	-	-
	<u>7,028</u>	<u>8,732</u>	<u>2,991</u>	<u>2,955</u>
Net current assets	<u>13,861</u>	<u>14,907</u>	<u>4,520</u>	<u>5,053</u>
Non-current liabilities				
Interest-bearing liabilities	1,045	1,198	-	-
Deferred tax liabilities	129	145	-	-
	<u>1,174</u>	<u>1,343</u>	<u>-</u>	<u>-</u>
Net assets	<u>19,408</u>	<u>20,630</u>	<u>24,359</u>	<u>24,893</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	(766)	(281)	-	-
Accumulated losses	(4,924)	(4,187)	(424)	110
Equity attributable to owners of the parent	<u>19,408</u>	<u>20,630</u>	<u>24,359</u>	<u>24,893</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 30/09/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
73	5,136	62	5,397

Amount repayable after one year

As at 30/09/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,045	-	1,198	-

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 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 2015 S\$'000	2014 S\$'000
Cash flows from operating activities		
Loss before income tax	(701)	(84)
Adjustments for:-		
Allowance for impairment of trade receivables	-	1
Amortisation of intangible assets	76	76
Depreciation of property, plant and equipment	141	166
Gain on disposal of plant and equipment	(8)	-
Interest expense	95	70
Interest income	(6)	(6)
Write back of allowance for impairment of trade receivables no longer required	(2)	-
Operating cash flows before working capital changes	<u>(405)</u>	<u>223</u>
Working capital changes:-		
Inventories	(496)	(174)
Trade and other receivables	1,129	(1,187)
Trade and other payables	(1,356)	(176)
Prepayments	64	(31)
Cash used in operations	<u>(1,064)</u>	<u>(1,345)</u>
Interest received	6	6
Interest paid	(95)	(70)
Income taxes paid, net	(84)	(66)
Net cash used in operating activities	<u>(1,237)</u>	<u>(1,475)</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	8	-
Purchase of plant and equipment (Note B)	(46)	(33)
Net cash used in investing activities	<u>(38)</u>	<u>(33)</u>
Cash flows from financing activities		
Proceeds from trust receipts	7,709	6,668
Repayments of trust receipts	(7,847)	(4,719)
Repayments of finance lease obligations	(19)	(11)
Repayments of term loan	(16)	(20)
Net cash (used in)/generated from financing activities	<u>(173)</u>	<u>1,918</u>
Net change in cash and cash equivalents	(1,448)	410
Cash and cash equivalents at the beginning of the financial period	4,031	4,447
Effect of currency translation on cash and cash equivalents	(108)	(70)
Cash and cash equivalents at the end of the financial period (Note A)	<u><u>2,475</u></u>	<u><u>4,787</u></u>

Note A:

Cash and cash equivalents comprised:

	As at 30/09/2015 S\$'000	As at 30/09/2014 S\$'000
Fixed deposits with banks	729	1,821
Cash and bank balances	1,746	2,966
	<u>2,475</u>	<u>4,787</u>

Note B:

Additions to property, plant and equipment comprised:

	As at 30/09/2015 S\$'000	As at 30/09/2014 S\$'000
Additions to property, plant and equipment	100	63
Acquired under finance lease agreements	(54)	(30)
	<u>46</u>	<u>33</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

	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 S\$'000	Total S\$'000
The Group						
Balance at 1 April 2015	24,752	315	31	(281)	(4,187)	20,630
Loss for the financial period	-	-	-	-	(737)	(737)
Other comprehensive income for the financial period						
Exchange differences on translating foreign operations	-	-	-	(485)	-	(485)
Total comprehensive income for the financial period	-	-	-	(485)	(737)	(1,222)
Balance at 30 September 2015	24,752	315	31	(766)	(4,924)	19,408
Balance at 1 April 2014	24,752	315	31	(153)	(3,466)	21,479
Loss for the financial period	-	-	-	-	(238)	(238)
Other comprehensive income for the financial period						
Exchange differences on translating foreign operations	-	-	-	67	-	67
Total comprehensive income for the financial period	-	-	-	67	(238)	(171)
Balance at 30 September 2014	24,752	315	31	(86)	(3,704)	21,308

The Company	Share capital S\$'000	Share-based payment reserve S\$'000	Accumulated profit/ losses S\$'000	Total S\$'000
Balance at 1 April 2015	24,752	31	110	24,893
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(534)	(534)
Balance at 30 September 2015	<u>24,752</u>	<u>31</u>	<u>(424)</u>	<u>24,359</u>
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>

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 2015 and 31 March 2015. There was no change in the Company's share capital from 31 March 2015 up to 30 September 2015.

There were no outstanding convertible securities or treasury shares as at 30 September 2014 and 30 September 2015.

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 2015 and 31 March 2015 was 1,457,469,695 shares.

The Company did not have treasury shares as at 30 September 2015 and 31 March 2015.

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 2015.

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 2015. 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	
	30/09/2015	30/09/2014
Loss attributable to owners of the parent (SGD'000)	(737)	(238)
Loss per ordinary share after deducting any provision for preference dividends:-		
(a) Based on the weighted average number of ordinary shares in issue (SGD cents)	(0.05)	(0.02)
(b) On a fully diluted basis (SGD cents)	(0.05)	(0.02)

Loss per ordinary share for the financial periods ended 30 September 2015 and 30 September 2014 in Item 6(a) is computed based on the loss attributable to the owners of the parent divided by the actual number of ordinary shares in issue of 1,457,469,695 for the said financial periods.

Loss per ordinary share on a fully diluted basis for the financial periods ended 30 September 2015 and 30 September 2014 in Item 6(b) is the same as the basic loss 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 30/09/2015	As at 31/03/2015	As at 30/09/2015	As at 31/03/2015
Net asset value per ordinary share based on issued share capital (SGD cents)	1.33	1.42	1.67	1.71

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 2015 and 31 March 2015.

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 2015 (“1H2016”) vs. Six months ended 30 September 2014 (“1H2015”)

Turnover

During the half year under review, the Group had to contend with the deceleration of China's growth and the devaluation of its currency, the weakening Malaysian ringgit and Singapore's sluggish local sales. Revenue declined by 9.6%, from S\$12.33 million in 1H2015 to S\$11.15 million in 1H2016. Sales of the components distribution division continued its slide from the previous year, recording a decline in sales of 15.5%. The division has to work with strict pricing structures of its main principal on the one hand and stiff competition on the other. The aluminium products distribution division also recorded a decline in sales due mainly to lower sales derived from the Singapore segment. This is in spite of increased sales contributed from the China subsidiary.

Profit Before Income Tax

The Group's gross profit margin decreased from 19.6% in 1H2015 to 18.2% in 1H2016. This is mainly due to lower gross profit margins for the Malaysian subsidiaries as some of their purchases which were denominated in Singapore or US Dollar become more expensive in view of the weakening ringgit. The lower gross profit margin further aggravated the effect of the decreased sales, resulting in an overall decrease in gross profit of 16.0% in 1H2016 as compared to 1H2015.

Other income decreased by 61.2%, from S\$0.20 million in 1H2015 to S\$0.08 million in 1H2016, mainly due to the exchange losses the Group suffered in 1H2016, as compared to the exchange gains totaling S\$0.07 million included in 1H2015's other income.

Distribution costs decreased by 23.3% from S\$0.34 million in 1H2015 to S\$0.26 million in 1H2016 due mainly to lower freight costs in line with lower sales. The Group managed to hold down its administrative expenses, which decreased by 1.5% from S\$2.04 million to S\$2.01

million. Finance costs, which comprised mainly interest charges for trust receipts and a term loan, however increased from S\$0.07 million to S\$0.09 million. Purchase orders placed to meet increased sales in the previous half year were duly delivered during the current half year period and were financed by short-term trust receipts; resulting in the higher interest costs.

Other expenses increased by 80.2% from S\$0.24 million in 1H2015 to S\$0.44 million in 1H2016. The increase was due to a net exchange loss of S\$0.22 million recorded in this half year period, whereas there was a net exchange gain recorded in other income in 1H2015. However, depreciation charge decreased by 15.1% from S\$0.17 million in 1H2015 to S\$0.14 million in 1H2016 as certain assets have been fully depreciated.

As a result of the above, the Group recorded a loss before income tax of S\$0.70 million in 1H2016, as compared to a loss before income tax of S\$0.08 million in 1H2015.

Assets and Liabilities

Additions to property, plant and equipment totalled S\$0.10 million which comprised a forklift of S\$0.04 million, a copier of S\$0.02 million and other sundry machines and computers for the aluminium products distribution division. The additions were more than offset by the depreciation charge of S\$0.14 million as well as translation exchange loss of S\$0.23 million on the Malaysian property, plant and equipment, resulting in a decrease in value of property, plant and equipment from S\$2.91 million to S\$2.64 million.

The value of investment properties remained unchanged at S\$2.82 million as at the beginning and end of 1H2016.

Intangible assets decreased by an amortisation charge of S\$0.08 million to S\$1.19 million as at 30 September 2015.

Inventories increased from S\$12.82 million as at 31 March 2015 to S\$13.02 million as at 30 September 2015 as a result of the slower than expected sales during this half year period.

Trade and other receivables decreased from S\$6.63 million as at 31 March 2015 to S\$5.27 million as at 30 September 2015, in tandem with decreased sales.

Trade and other payables decreased from S\$3.25 million as at 31 March 2015 to S\$1.81 million as at 30 September 2015 as the Group reduced its purchases in line with decreased sales, while due payables were paid off.

Current interest-bearing liabilities which comprised mainly trust receipts owing to banks decreased from S\$5.46 million as at 31 March 2015 to S\$5.21 million as at 30 September 2015 as purchases declined over the current half year period. Non-current interest-bearing liabilities comprised mainly a term loan owing to a bank and the decrease from S\$1.20 million to S\$1.05 million was due to instalment payments made and translation exchange differences as the term loan is denominated in Malaysian ringgit.

The Group had a positive working capital of S\$13.86 million as at the end of 1H2016.

Cash Flow and Working Capital

Cash and cash equivalents decreased from S\$4.03 million as at 31 March 2015 to S\$2.48 million as at 30 September 2015.

Net cash used in operating activities amounted to S\$1.24 million. Working capital changes resulted in cash outflows from increase in inventories of S\$0.50 million as stocks built up due

to slower sales, as well as a decrease in trade and other payables of S\$1.36 million as more due debts were paid off against lesser purchases made. These cash outflows were offset by the decrease in trade and other receivables of S\$1.13 million as sales volume decreased.

Net cash used in investing activities amounted to S\$0.04 million. An amount of S\$0.05 million was spent on purchases of plant and equipment, including a forklift and various machines and computers. Proceeds from sale of the old forklift of S\$0.01 million accounted for the difference.

Net cash used in financing activities amounted to S\$0.17 million and was used mainly towards settlement of trust receipts and instalment payments of bank term loan and finance leases. Total payments made for trust receipts amounted to S\$7.85 million; however, the cash outflows were offset to a great extent by proceeds from fresh loans of S\$7.71 million.

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 Group observed sluggish manufacturing activities for its customers amid weak export demand especially for the Singapore market segment. The slower growth of China's economy and the volatility of regional currencies also have an adverse impact on the Group's major customers, which in turn affected the Group's performance.

However, the Group is positive on its growth plan going forward for both Malaysia and China market segments with its present products portfolio.

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 1H2016.

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 1H2016 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 interested person transactions. There was no interested person transaction with value of S\$100,000 or more during 1H2016.

BY ORDER OF THE BOARD

Ong Kian Soon
Chief Executive Officer
12 November 2015