

**NEW WAVE HOLDINGS LTD.**

**Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30/09/2021**

**A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 30 September 2021**

	Note	Group Half year ended 30 September		Increase/ (Decrease) %
		2021 S\$'000	2020 S\$'000	
Revenue	4	11,971	7,524	59.1
Cost of sales		(8,908)	(5,792)	53.8
Gross profit		3,063	1,732	76.8
Interest income		3	5	(40.0)
Other income		124	374	(66.8)
Distribution costs		(181)	(143)	26.6
Administrative expenses		(1,893)	(1,658)	14.2
Loss allowance made for trade receivables	12	(24)	-	NM
Other expenses		(347)	(362)	(4.1)
Finance costs		(114)	(101)	12.9
Profit/(Loss) before income tax	5	631	(153)	NM
Income tax expense	6	(205)	(1)	NM
<b>Profit/(Loss) for the financial period</b>		426	(154)	NM
<b><i>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</i></b>				
Foreign currency translation		74	(19)	NM
<b>Total comprehensive income for the financial period</b>		500	(173)	NM
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of the parent		310	(168)	NM
Non-controlling interest		116	14	728.6
		426	(154)	NM
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		384	(187)	NM
Non-controlling interest		116	14	728.6
		500	(173)	NM
Earnings/(Loss) per share (Cents)				
- Basic and diluted	7	0.02	(0.01)	

NM = Not Meaningful

## B. Condensed Interim Consolidated Statements of Financial Position as at 30 September 2021

	Note	Group		Company	
		As at 30/09/2021	As at 31/03/2021	As at 30/09/2021 S\$'000	As at 31/03/2021 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		2,098	2,128	-	1
Right-of-use assets		386	527	-	-
Investment properties	10	5,170	5,170	-	-
Intangible assets	11	1,598	1,712	-	-
Investments in subsidiaries		-	-	18,327	18,327
Deferred tax asset		36	36	-	-
		<u>9,288</u>	<u>9,573</u>	<u>18,327</u>	<u>18,328</u>
<b>Current assets</b>					
Inventories		10,051	8,629	-	-
Trade and other receivables	12	5,643	4,871	3,388	3,832
Prepayments		114	121	16	9
Income tax recoverable		93	169	-	-
Cash and cash equivalents		4,883	4,444	150	111
		<u>20,784</u>	<u>18,234</u>	<u>3,554</u>	<u>3,952</u>
Less:-					
<b>Current liabilities</b>					
Trade and other payables		3,422	3,143	3,140	3,150
Lease liabilities		282	305	-	-
Interest-bearing liabilities	13	5,312	3,198	-	-
Current income tax payable		68	-	-	-
		<u>9,084</u>	<u>6,646</u>	<u>3,140</u>	<u>3,150</u>
Net current assets		<u>11,700</u>	<u>11,588</u>	<u>414</u>	<u>802</u>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	13	3,653	4,173	-	-
Lease liabilities		78	203	-	-
Deferred tax liabilities		211	239	-	-
		<u>3,942</u>	<u>4,615</u>	<u>-</u>	<u>-</u>
Net assets		<u>17,046</u>	<u>16,546</u>	<u>18,741</u>	<u>19,130</u>
<b>Capital and reserves</b>					
Share capital	9	27,460	27,460	27,460	27,460
Asset revaluation reserve		315	315	-	-
Share-based payment reserve		31	31	31	31
Foreign currency translation reserve		(1,481)	(1,555)	-	-
Accumulated losses		(9,377)	(9,687)	(8,750)	(8,361)
Equity attributable to owners of the parent		<u>16,948</u>	<u>16,564</u>	<u>18,741</u>	<u>19,130</u>
Non-controlling interest		98	(18)	-	-
Total equity		<u>17,046</u>	<u>16,546</u>	<u>18,741</u>	<u>19,130</u>

**C. Condensed Interim Consolidated Statement of Cash Flows for the half year ended 30 September 2021**

	Group	
	Half year ended 30 September	
	2021	2020
	S\$'000	S\$'000
<b>Operating activities</b>		
Profit/(Loss) before income tax	631	(153)
Adjustments for:-		
Loss allowance made for trade receivables	24	-
Amortisation of intangible assets	114	114
Amortisation of right-of-use assets	146	160
Depreciation of property, plant and equipment	76	88
Gain on disposal of plant and equipment	(1)	-
Interest expense	114	101
Interest income	(3)	(5)
Unrealised foreign exchange gain	(51)	-
Operating cash flows before working capital changes	1,050	305
Working capital changes:-		
Inventories	(1,325)	(47)
Trade and other receivables	(766)	287
Trade and other payables	267	(651)
Prepayments	8	163
Cash (used in)/ from operations	(766)	57
Interest received	3	5
Interest paid	(114)	(101)
Income taxes (paid)/refunded, net	(89)	25
Net cash used in operating activities	(966)	(14)
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	4	-
Purchase of property, plant and equipment	(46)	(12)
Net cash used in investing activities	(42)	(12)
<b>Financing activities</b>		
Proceeds from trust receipts	6,276	3,532
Repayment of trust receipts	(4,156)	(4,040)
Proceeds from term loans	-	3,400
Repayment of term loans	(526)	(750)
Repayment of lease liabilities	(155)	(166)
Net cash from financing activities	1,439	1,976
Net change in cash and cash equivalents	431	1,950
Cash and cash equivalents at the beginning of the financial period	4,444	1,355
Effect of currency translation on cash and cash equivalents	8	3
Cash and cash equivalents at the end of the financial period (Note A)	4,883	3,308

Note A:

Cash and cash equivalents comprised:

	As at 30/09/2021 S\$'000	As at 30/09/2020 S\$'000
Fixed deposits with banks	398	401
Cash and bank balances	<u>4,485</u>	<u>2,907</u>
	<u>4,883</u>	<u>3,308</u>

#### D. Condensed Interim Consolidated Statements of Changes in Equity for the half year ended 30 September 2021

	← Equity attributable to owners of the parent →							Total Equity S\$'000
	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	NCI S\$'000	
The Group								
Balance at 1 April 2021	27,460	315	31	(1,555)	(9,687)	16,564	(18)	16,546
<b>Profit for the financial period</b>	-	-	-	-	310	310	116	426
<b>Other comprehensive income for the financial period</b>								
Exchange differences on translating foreign operations	-	-	-	74	-	74	-	74
<b>Total comprehensive income for the financial period</b>	-	-	-	74	310	384	116	500
Balance at 30 September 2021	<u>27,460</u>	<u>315</u>	<u>31</u>	<u>(1,481)</u>	<u>(9,377)</u>	<u>16,948</u>	<u>98</u>	<u>17,046</u>
Balance at 1 April 2020	27,460	315	31	(1,575)	(8,901)	17,330	(77)	17,253
<b>Loss for the financial period</b>	-	-	-	-	(168)	(168)	14	(154)
<b>Other comprehensive income for the financial period</b>								
Exchange differences on translating foreign operations	-	-	-	(19)	-	(19)	-	(19)
<b>Total comprehensive income for the financial period</b>	-	-	-	(19)	(168)	(187)	14	(173)
Balance at 30 September 2020	<u>27,460</u>	<u>315</u>	<u>31</u>	<u>(1,594)</u>	<u>(9,069)</u>	<u>17,143</u>	<u>(63)</u>	<u>17,080</u>

## D. Condensed Interim Consolidated Statements of Changes in Equity for the half year ended 30 September 2021 (Continued)

The Company	Share capital S\$'000	Share-based payment reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1 April 2021	27,460	31	(8,361)	19,130
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(389)	(389)
Balance at 30 September 2021	<u>27,460</u>	<u>31</u>	<u>(8,750)</u>	<u>18,741</u>
Balance at 1 April 2020	27,460	31	(4,225)	23,266
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(320)	(320)
Balance at 30 September 2020	<u>27,460</u>	<u>31</u>	<u>(4,545)</u>	<u>22,946</u>

## E. Notes to the Condensed Interim Consolidated Financial Statements

### 1. Corporate Information

New Wave Holdings Ltd. (the "Company") is a public company limited by shares, incorporated and domiciled in the Republic of Singapore. The Company is listed on Catalist of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the half year ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of an investment holding company. The subsidiaries' operations are primarily divided into two divisions, the principal activities of which are (i) the sale and distribution of aluminium alloy products and (ii) trading in cabling products, electrical and electronic equipment and components, hardware and software engineering in micro-computer and communication systems.

### 2. Basis of preparation

The condensed interim financial statements for the half year ended 30 September 2021 have been prepared in accordance with 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 audited financial statements for the year ended 31 March 2021.

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 dollar which is the Company's functional currency.

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 2. Basis of preparation (Continued)

#### 2.1 New and amended standards adopted by the Group

The Group has adopted the new or revised SFRS(I) and Interpretations to SFRS(I) ("SFRS(I) INT") that are relevant to its operations and are effective in the financial year ending 31 March 2022 ("FY2022"). The adoption of these new or revised SFRS(I) and SFRS(I) INT where relevant has no material impact on the Group's accounting policies or the financial statements for the current 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 were applied to the audited annual consolidated financial statements as at 31 March 2021.

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 and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are as discussed below:

##### (i) Fair value of investment properties

The Group's investment properties comprise freehold shop units that are held for long-term rental yields and for capital appreciation. As at 31 March 2021, the fair value of the investment properties as determined by an independent professional valuer was S\$5,170,000. The management has made an estimate that the fair value remained unchanged at S\$5,170,000 as at 30 September 2021. In making that decision, the management has assessed that market conditions have not changed much since the end of the previous year, and have taken into consideration that the assumptions and valuation techniques used as at the previous year end are still appropriate. The management deems it appropriate to seek expert advice in six months' time, at the next year end.

##### (ii) Allowance for inventories obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" and "weighted average" method. The management provides for obsolete inventories based on historical usage, estimated future demand and related pricing. In determining inventories obsolescence, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

The management has decided that no allowance for inventories obsolescence was needed for both its divisions for this half year period. However, on a regular basis, the aluminium products distribution division will identify certain stock items that may ultimately be sold as scrap metal and will write down the value of these items to an approximate scrap value. The write-off amount will not be shown as inventories obsolescence but will be treated as cost adjustment and included in cost of sales. This is because these items will remain in stock and can be sold at regular selling prices whenever there is a demand for them.

For the half year ended 30 September 2021, an amount of approximately S\$69,000 (half year ended 30 September 2020: S\$61,000) was written off for stock items classified as "scrap value" items. During the half year ended 30 September 2021, an amount at book value (scrap value) of approximately S\$31,000 was sold at a profit of approximately S\$27,000. No such scrap sales were made in the corresponding period in the previous year.

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 2. Basis of preparation (Continued)

#### 2.2 Use of judgements and estimates (Continued)

##### (iii) Loss allowance for impairment of trade receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customers. A loss allowance amounting to approximately S\$24,000 was recognised as at 30 September 2021 (30 September 2020: Nil).

### 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

The Group is organised into two main business segments namely:

- (i) Components distribution; and
- (ii) Aluminium products distribution

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

#### Business Segments

Half year ended 30 September 2021	Components Distribution S\$'000	Aluminium Products Distribution S\$'000	Unallocated S\$'000	Consolidated S\$'000
<b>Revenue</b>				
External revenue	924	11,047	-	11,971
<b>Results</b>				
Segment results	17	1,450	(389)	1,078
Interest income	-	3	-	3
Finance costs	(13)	(101)	-	(114)
Amortisation of intangible assets	-	(114)	-	(114)
Amortisation of right-of-use assets	-	(146)	-	(146)
Depreciation expense	(19)	(57)	-	(76)
(Loss)/Profit before income tax	(15)	1,035	(389)	631
Income tax expense	-	(205)	-	(205)
(Loss)/Profit after income tax	(15)	830	(389)	426
Capital expenditure				
- Additions to non-current assets	2	44	-	46

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 4. Segment and revenue information (Continued)

#### Business Segments (Continued)

Half year ended 30 September 2021	Components Distribution	Aluminium Products Distribution	Unallocated	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets and Liabilities</b>				
Segment assets	8,287	21,489	167	29,943
Current income tax recoverable and deferred tax asset	49	80	-	129
Total assets	8,336	21,569	167	30,072
Segment liabilities	1,449	11,140	158	12,747
Deferred tax liabilities and and current income tax payable	-	279	-	279
Total liabilities	1,449	11,419	158	13,026
Half year ended 30 September 2020	Components Distribution	Aluminium Products Distribution	Unallocated	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>				
External revenue	800	6,724	-	7,524
<b>Results</b>				
Segment results	15	609	(319)	305
Interest income	-	5	-	5
Finance costs	(7)	(94)	-	(101)
Amortisation of intangible assets	-	(114)	-	(114)
Amortisation of right-of-use assets	-	(160)	-	(160)
Depreciation expense	(18)	(70)	-	(88)
Loss before income tax	(10)	176	(319)	(153)
Income tax expense	-	(1)	-	(1)
Loss after income tax	(10)	175	(319)	(154)
Capital expenditure				
- Additions to non-current assets	5	7	-	12
<b>Assets and Liabilities</b>				
Segment assets	7,165	18,797	159	26,121
Current income tax recoverable and deferred tax asset	36	143	-	179
Total assets	7,201	18,940	159	26,300
Segment liabilities	1,063	7,687	221	8,971
Deferred tax liabilities and and current income tax payable	-	249	-	249
Total liabilities	1,063	7,936	221	9,220



## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 4. Segment and revenue information (Continued)

#### Geographical information

The Group's business segments operate in three main geographical areas. Non-current assets consist primarily of property, plant and equipment, investment properties and intangible assets. Non-current assets are shown by the geographical area in which the assets are located.

	Singapore S\$'000	Malaysia S\$'000	PRC S\$'000	Consolidated S\$'000
<b>Half year ended 30 September 2021</b>				
Non-current assets	7,450	1,495	307	9,252

#### **Half year ended 30 September 2020**

Non-current assets	7,975	1,620	487	10,082
--------------------	-------	-------	-----	--------

#### Disaggregation of revenue

The Group has disaggregated revenue by business segment and in accordance to the country in which goods are delivered:

<b>Half year ended 30 September</b>	<b>Components Distribution</b>		<b>Aluminium Products Distribution</b>		<b>Total</b>	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Primary Geographical market</u>						
Singapore	837	433	1,827	1,126	2,664	1,559
Malaysia	63	223	6,260	3,117	6,323	3,340
People's Republic of China	-	-	2,900	2,462	2,900	2,462
Others	24	143	60	20	84	163
	924	799	11,047	6,725	11,971	7,524
<u>Timing of transfer of goods</u>						
- Point in time	924	799	11,047	6,725	11,971	7,524

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 5. Profit/(Loss) before tax – significant items

	Group		Increase/ (Decrease) %
	Half year ended 30 September		
Profit/(Loss) before income tax is arrived at:	2021 S\$'000	2020 S\$'000	
<b>After charging:</b>			
Amortisation of intangible asset	114	114	-
Amortisation of right-of-use assets	146	160	(8.8)
Depreciation of property, plant and equipment	76	88	(13.6)
Interest expense	114	101	12.9
Foreign exchange loss, net	12	-	NM
<b>and crediting:</b>			
Foreign exchange gain, net	-	92	NM
Government grants	45	250	(82.0)
Rental income	30	10	200.0

NM = Not Meaningful

### 6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Half year ended 30 September	
	2021 S\$'000	2020 S\$'000
Current income tax	232	28
Deferred income tax - over provision in prior periods reversed	(27)	(27)
	<u>205</u>	<u>1</u>

### 7. Earnings/(Loss) Per Share

	Group	
	Half year ended	
	30/09/2021	30/09/2020
Profit/(Loss) attributable to owners of the parent (SGD'000)	310	(168)
Earnings/(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)	0.02	(0.01)
(b) On a fully diluted basis (SGD cents)	0.02	(0.01)

Earnings/(Loss) per ordinary share for the financial period ended 30 September 2021 ("1HFY22") and for the financial period ended 30 September 2020 ("1HFY21") in Item 6(a) are computed based on the profit or loss attributable to the owners of the parent for each respective financial period divided by the weighted average number of ordinary shares in issue of 1,727,469,695 shares.

Earnings/(Loss) per ordinary share on a fully diluted basis for 1HFY22 and for 1HFY21 in Item 6(b) are the same as the basic earnings/(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.

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 8. Net Asset Value

	Group		Company	
	As at 30/09/2021	As at 31/03/2021	As at 30/09/2021	As at 31/03/2021
Net asset value per ordinary share based on issued share capital (SGD cents)	0.99	0.96	1.08	1.11

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 1,727,469,695 shares as at 30 September 2021 and 31 March 2021.

### 9. Share capital

	Group and Company			
	As at 30/09/2021	As at 31/03/2021	As at 30/09/2021	As at 31/03/2021
	Number of ordinary shares		S\$'000	S\$'000
Issued and fully paid up:				
As at the beginning and end of the interim period	1,727,469,695	1,727,469,695	27,460	27,460

There was no change in the issued and paid-up share capital of the Company since the end of the previous period reported on.

There were no outstanding convertible instruments which may be converted to shares as at 30 September 2021 and 30 September 2020.

There were no subsidiary holdings as at 30 September 2021 and 30 September 2020.

The Company did not have any treasury shares as at 30 September 2021, 31 March 2021 and 30 September 2020.

### 10. Investment Properties

	Group	
	As at 30/09/2021 S\$'000	As at 31/03/2021 S\$'000
<u>At fair value</u>		
At beginning of period/year	5,170	5,320
Changes in fair value recognised in profit and loss	-	(150)
At end of period/year	<u>5,170</u>	<u>5,170</u>

The Group's investment properties comprise freehold shop units that are held for long-term rental yields and for capital appreciation. The fair values of the Group's investment properties as at 31 March 2021 have been determined on the basis of valuation carried out by independent valuers. The estimation of the fair values of the properties is based on the highest and best use of the properties, which is in line with their current use. The management reviews the appropriateness of the valuation methodologies and assumptions adopted and also evaluates the appropriateness and reliability of the inputs used in the valuations. Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The management has made an estimate that the fair value remained unchanged at S\$5,170,000 as at 30 September 2021. In making that decision, the management has assessed that market conditions have not changed much since 31 March 2021, and have taken into consideration that the assumptions and valuation techniques used as at the previous year end are still appropriate. The management deems it appropriate to seek expert advice in six months' time, at the next year end.

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 11. Intangible Assets

	Goodwill \$'000	Customer relationships \$'000	Total \$'000
<b>Group</b>			
<b>Cost</b>			
Balance as at 31.3.2021	4,358	3,108	7,466
<b>Accumulated amortisation</b>			
Balance as at 1.4.2021	-	2,198	2,198
Amortisation for the financial period	-	114	114
Balance as at 30.9.2021	-	2,312	2,312
<b>Accumulated impairment</b>			
Balance as at 1.4.2021 and 30.9.2021	3,556	-	3,556
<b>Carrying amount</b>			
Balance as at 30.9.2021	802	796	1,598

Customer relationships were acquired in the financial years ended 31 March 2011 and 31 March 2019 as part of the acquisition of MSC Aluminium Holdings Pte. Ltd. and its subsidiaries (the "MSC Group") and Alutech Metals Asiatic Pte. Ltd. and its subsidiary (the "Alutech Group") respectively. The fair value on the date of initial recognition was based on its intended use and the expected future economic benefit to be derived from the future operating cash inflows from products associated with the acquired customer relationships. The remaining useful lives for customer relationships is 4 years.

### 12. Trade and Other Receivables

	Group	
	As at 30/09/2021 S\$'000	As at 31/03/2021 S\$'000
Trade receivables	5,141	4,443
Loss allowance	(132)	(108)
	5,009	4,335
Other receivables	634	536
	5,643	4,871

Movements in loss allowance for trade receivables were as follows:

	Group	
	As at 30/09/2021 S\$'000	As at 31/03/2021 S\$'000
Balance at the beginning of the period/ year	108	51
Write-off against allowance	-	(4)
Loss allowance made during the period/ year	24	62
Foreign currency translation differences	-	(1)
Balance at the end of the period/ year	132	108

A loss allowance of approximately S\$24,000 was estimated for this half year period ended 30 September 2021. Please refer to Note E.2.2 (iii).

## E. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 13. Interest-bearing Liabilities

	Group	
	As at 30/09/2021 S\$'000	As at 31/03/2021 S\$'000
<u>Amount repayable within one year or on demand</u>		
Term loan – secured	59	57
Term loans – unsecured	1,019	1,027
Trust receipts – unsecured	4,234	2,114
	<u>5,312</u>	<u>3,198</u>
<u>Amount repayable after one year</u>		
Term loan – secured	740	771
Term loans – unsecured	2,913	3,402
	<u>3,653</u>	<u>4,173</u>

The term loan to finance the purchase of the Malaysian factory is secured by a legal charge against the property as well as a corporate guarantee provided by the Company. Other term loans are supported by corporate guarantees provided by the Company.

Trust receipts of the subsidiaries are supported by corporate guarantees provided by the Company.

### 14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim consolidated financial statements.

## **F. OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES**

### **1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed interim consolidated financial statements of the Group for the half year ended 30 September 2021 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### **2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

### **3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The Group's latest financial statements for the year ended 31 March 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

### **4. 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 2021 ("1HFY22") vs. Six months ended 30 September 2020 ("1HFY21")**

##### **Turnover and Gross Profit**

With the global easing of the COVID-19 lockdowns and resumption of economic activities across various sectors, our Group revenue recorded an increase of 59.1% from S\$7.52 million in 1HFY2021 to S\$11.97 million in 1HFY2022. The increased demand for our products also gave rise to an upward push to our margins, so that the overall increase in gross profits was 76.8% when compared to the corresponding half year period of the previous financial year.

Revenue from the aluminium products distribution division saw an increase of 64.3% while the increase for the components distribution division was 15.5%. The geographical segment report showed that revenues generated in the Malaysia, Singapore and the PRC markets grew by 89.3%, 70.9% and 17.8% respectively. These respective increases underlined the ability of the Group's customers to ramp up their production capabilities to meet improving demands as the global economy slowly recovers.

Revenues of the components distribution division in 1HFY22 were mostly generated within Singapore and the increase may chiefly be attributed to the easing of the COVID-19 lockdown restrictions. Growth however has been impeded by the shortage of workers for infra-structure projects as well as the supply chain issues faced by the electronics industry.

Revenue contribution from the Malaysia sector however was still affected by the COVID-19 movement restrictions on inter-state travel, which hampered our sales efforts.

### **Profit Before Income Tax**

Other income decreased by 66.8% in 1HFY22 as compared to 1HFY21 due to decrease in government grants received from S\$0.25 million to S\$0.04 million. Government grants received in 1HFY21 were mainly wage subsidies, property tax rebates and other rebates provided by governments to help mitigate the adverse impact of the COVID-19 pandemic. In addition, other income in 1HFY21 included an exchange gain of S\$0.09 million recorded for 1HFY21, whereas 1HFY22 suffered an exchange loss of S\$0.01 million recorded under other expenses.

Almost all categories of expenses increased in 1HFY22 as compared to 1HFY21 as the sales increase required more resources, including manpower and delivery logistics, to support it. Distribution costs increased by the largest percentage of 26.6% due to the corresponding increase in sales commissions paid out, freight costs, transport costs and vehicle maintenance expenses. Likewise employment costs (included in administrative expenses) rose by 15.2% as more staff were needed to manage the increased sales.

Finance costs increased by 12.9% in 1HFY22 as compared to 1HFY21 as more bank facilities were utilised to finance the increase in purchases of stocks.

Other expenses however decreased by 4.1% due to a decrease in depreciation of property, plant and equipment of 13.6% as certain older assets were fully depreciated during 1HFY22. Depreciation of right-of-use assets similarly reduced by 8.8% as certain leased plant and equipment were fully depreciated during or just before 1HFY22. These decreases were partially offset by an exchange loss of S\$0.01 million recorded for 1HFY22, whereas in 1HFY21 there was an exchange gain recorded under other income.

### **Assets and Liabilities**

Property, plant and equipment decreased through a depreciation charge of S\$0.08 million, offset by additions of new assets of S\$0.05 million, which included a forklift and levelling machine bought by the PRC subsidiary.

Right-of-use assets, which included capitalised lease rentals as well as leased plant and equipment, decreased by an amortisation charge of S\$0.15 million.

Investment properties maintained at S\$5.17 million with no fair value adjustments made.

Intangible assets decreased due to an amortisation charge. Intangible assets comprised goodwill and customer relationships arising from the acquisition of MSC Aluminium Holdings Pte. Ltd. and its subsidiaries (the "MSC Group") and Alutech Metals Asiatic Pte. Ltd. (the "Alutech Group").

Inventories increased as additional stocks were needed to support the increase of sales.

Trade receivables likewise increased as a result of the increased sales.

Prepayments decreased mainly due to a decrease in the amount of prepaid stocks that were purchased locally by the PRC subsidiaries.

Trade payables increased due to increased local purchases by the Malaysian subsidiaries to cater for the increase in sales. Other payables also increased as a result of increased expenses.

Lease liabilities, both current and non-current portion, decreased with the payments made for the leases. No new leases were contracted during this period.

Current interest-bearing liabilities increased as more trust receipts were utilised for the purchase of stocks needed to meet the increased sales. On the other hand non-current interest-bearing liabilities decreased as the term loans and finance leases were paid down during the period.

The Group had a positive working capital of S\$11.70 million as at the end of 1HFY22.

### **Cash Flow and Working Capital**

An operating cash inflow of S\$1.05 million was recorded as all operating subsidiaries of the Group registered profits before depreciation charges. The final cash outflow from operating activities of S\$0.97 million resulted from the significant increases in inventories and receivables, as well as the payments made for income taxes and interest charges.

Cash outflow of investing activities was mainly for the purchases of new plant and equipment.

Financing activities recorded an inflow of S\$1.44 million, which comprised mainly proceeds from trust receipts to finance increased purchases, after reduction from repayments of matured trust receipts and instalments payments of term loans and finance leases.

**5. 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.

**6. 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 COVID-19 pandemic continues to be a factor that may hamper our revenue growth. In addition, the current increasing energy costs and the global supply chain challenges could also affect the Group's revenue growth and gross profit margins going forward.

The Group will continue with its efforts to contain operating costs while monitoring closely our business environment, so as to be able to make the required adjustments and changes in our strategies to adapt to changing circumstances.

**7. 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.

**8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for 1HFY22 as the Company has accumulated losses.

**9. 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 a value of S\$100,000 or more during 1HFY22.

**10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the form set out in Appendix 7H) under Rule 720(1).

**11. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

There were no acquisitions or realisation of shares by the Company or any of the Group entities during 1HFY22. The Company and the Group entities did not incorporate any new subsidiary or associated company during 1HFY22.

BY ORDER OF THE BOARD

Ong Kian Soon  
Chief Executive Officer  
11 November 2021

*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.*

## **Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year results for the financial period ended 30 September 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ong Kian Soon  
Chief Executive Officer

Choo Tung Kheng  
Non-Executive Director

Singapore  
11 November 2021