

NEW WAVE HOLDINGS LTD.

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30/09/2022

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 30 September 2022

	Note	Group Half year ended 30 September		Increase/ (Decrease) %
		2022 S\$'000	2021 S\$'000	
Revenue	4	13,176	11,971	10.1
Cost of sales		(9,628)	(8,908)	8.1
Gross profit		3,548	3,063	15.8
Interest income		2	3	(33.3)
Other income		134	124	8.1
Distribution costs		(201)	(181)	11.0
Administrative expenses		(2,056)	(1,893)	8.6
Loss allowance reversed/(made) for trade receivables	12	57	(24)	NM
Other expenses		(931)	(347)	168.3
Finance costs		(166)	(114)	45.6
Profit before income tax	5	387	631	(38.7)
Income tax expense	6	(227)	(205)	10.7
Profit for the financial period		160	426	(62.4)
<i>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</i>				
Foreign currency translation		(508)	74	NM
Total comprehensive income for the financial period		(348)	500	NM
Profit after tax attributable to:				
Owners of the parent		10	310	(96.8)
Non-controlling interest		150	116	29.3
		160	426	(62.4)
Total comprehensive income attributable to:				
Owners of the parent		(498)	384	NM
Non-controlling interest		150	116	29.3
		(348)	500	NM
Earnings per share (Cents)				
- Basic and diluted	7	0.001	0.018	

NM = Not Meaningful

B. Condensed Interim Consolidated Statements of Financial Position as at 30 September 2022

	Note	Group		Company	
		As at 30/09/2022 S\$'000	As at 31/03/2022 S\$'000	As at 30/09/2022 S\$'000	As at 31/03/2022 S\$'000
Non-current assets					
Property, plant and equipment		2,021	2,106	-	-
Right-of-use assets		447	571	-	-
Investment properties	10	5,170	5,170	-	-
Intangible assets	11	1,371	1,485	-	-
Investments in subsidiaries		-	-	21,278	21,278
Deferred tax asset		266	266	-	-
		<u>9,275</u>	<u>9,598</u>	<u>21,278</u>	<u>21,278</u>
Current assets					
Inventories		14,006	12,945	-	-
Trade and other receivables	12	6,300	6,919	4,867	5,208
Prepayments		160	160	16	9
Income tax recoverable		202	203	-	-
Cash and bank balances		1,966	2,550	102	119
		<u>22,634</u>	<u>22,777</u>	<u>4,985</u>	<u>5,336</u>
Less:-					
Current liabilities					
Trade and other payables		4,121	3,627	3,198	3,127
Lease liabilities		326	394	-	-
Interest-bearing liabilities	13	6,587	6,477	-	-
Current income tax payable		51	17	-	-
		<u>11,085</u>	<u>10,515</u>	<u>3,198</u>	<u>3,127</u>
Net current assets		<u>11,549</u>	<u>12,262</u>	<u>1,787</u>	<u>2,209</u>
Non-current liabilities					
Interest-bearing liabilities	13	2,510	3,097	-	-
Lease liabilities		105	177	-	-
Deferred tax liabilities		163	192	-	-
		<u>2,778</u>	<u>3,466</u>	<u>-</u>	<u>-</u>
Net assets		<u>18,046</u>	<u>18,394</u>	<u>23,065</u>	<u>23,487</u>
Capital and reserves					
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		(1,977)	(1,469)	-	-
Accumulated losses		<u>(8,197)</u>	<u>(8,207)</u>	<u>(4,426)</u>	<u>(4,004)</u>
Equity attributable to owners of the parent		17,632	18,130	23,065	23,487
Non-controlling interest		414	264	-	-
Total equity		<u>18,046</u>	<u>18,394</u>	<u>23,065</u>	<u>23,487</u>

C. Condensed Interim Consolidated Statement of Cash Flows for the half year ended 30 September 2022

	Group	
	Half year ended 30 September	
	2022	2021
	S\$'000	S\$'000
Operating activities		
Profit before income tax	387	631
Adjustments for:-		
Loss allowance (reversed)/made for trade receivables	(57)	24
Amortisation of intangible assets	114	114
Amortisation of right-of-use assets	209	146
Depreciation of property, plant and equipment	61	76
Gain on disposal of plant and equipment	(20)	(1)
Gain on lease modification/termination	(2)	-
Interest expense	166	114
Interest income	(2)	(3)
Unrealised foreign exchange loss/(gain)	154	(51)
Operating cash flows before working capital changes	1,010	1,050
Working capital changes:-		
Inventories	(1,510)	(1,325)
Trade and other receivables	476	(766)
Trade and other payables	561	267
Prepayments	(4)	8
Cash from/(used in) operations	533	(766)
Interest received	2	3
Interest paid	(166)	(114)
Income taxes paid, net	(227)	(89)
Net cash from/(used in) operating activities	142	(966)
Investing activities		
Proceeds from disposal of plant and equipment	31	4
Purchase of property, plant and equipment (Note B)	(62)	(46)
Net cash used in investing activities	(31)	(42)
Financing activities		
Proceeds from trust receipts	7,013	6,276
Repayment of trust receipts	(6,972)	(4,156)
Repayment of term loans	(542)	(526)
Repayment of lease liabilities	(209)	(155)
Net cash (used in)/from financing activities	(710)	1,439
Net change in cash and cash equivalents	(599)	431
Cash and cash equivalents at the beginning of the financial period	2,506	4,444
Effect of currency translation on cash and cash equivalents	(53)	8
Cash and cash equivalents at the end of the financial period (Note A)	1,854	4,883

C. Condensed Interim Consolidated Statement of Cash Flows for the half year ended 30 September 2022 (Continued)

Note A:

Cash and cash equivalents comprised:

	As at 30/09/2022 S\$'000	As at 30/09/2021 S\$'000
Fixed deposits with banks	390	398
Cash and bank balances	1,576	4,485
	<u>1,966</u>	<u>4,883</u>
Less: Bank overdraft	(112)	-
	<u><u>1,854</u></u>	<u><u>4,883</u></u>

Note B:

Additions to property, plant and equipment comprised:

	Half year ended 30 September	
	2022 S\$'000	2021 S\$'000
Additions to plant and equipment	24	46
Additions to right-of-use plant and equipment	129	-
Acquired under finance lease agreements	(91)	-
	<u>62</u>	<u>46</u>

D. Condensed Interim Consolidated Statements of Changes in Equity for the half year ended 30 September 2022

	← 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	NCI S\$'000	Total Equity S\$'000
The Group								
Balance at 1 April 2022	27,460	315	31	(1,469)	(8,207)	18,130	264	18,394
Profit for the financial period	-	-	-	-	10	10	150	160
Other comprehensive income for the financial period								
Exchange differences on translating foreign operations	-	-	-	(508)	-	(508)	-	(508)
Total comprehensive income for the financial period	-	-	-	(508)	10	(498)	150	(348)
Balance at 30 September 2022	<u>27,460</u>	<u>315</u>	<u>31</u>	<u>(1,977)</u>	<u>(8,197)</u>	<u>17,632</u>	<u>414</u>	<u>18,046</u>

D. Condensed Interim Consolidated Statements of Changes in Equity for the half year ended 30 September 2022 (Continued)

The Group	Equity attributable to owners of the parent					Total NCI	Total Equity	
	Share capital	Asset revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance at 1 April 2021	27,460	315	31	(1,555)	(9,687)	16,564	(18)	16,546
Profit for the financial period	-	-	-	-	310	310	116	426
Other comprehensive income for the financial period								
Exchange differences on translating foreign operations	-	-	-	74	-	74	-	74
Total comprehensive income for the financial period	-	-	-	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>

The Company	Share capital	Share-based payment reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2022	27,460	31	(4,004)	23,487
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(422)	(422)
Balance at 30 September 2022	<u>27,460</u>	<u>31</u>	<u>(4,426)</u>	<u>23,065</u>
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>

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 2022 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 2022 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 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 dollar which is the Company's functional currency.

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 2023 ("FY2023"). 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 2022.

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:

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

2. Basis of preparation (Continued)

2.2 Use of judgements and estimates (Continued)

(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 2022, 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 2022. 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) 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. The management has reviewed the outstanding debts and decided on a nil loss allowance for the half year ended 30 September 2022 (30 September 2021: S\$24,000).

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.

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

4. Segment and revenue information (Continued)

Business Segments

Half year ended
30 September 2022

	Components Distribution S\$'000	Aluminium Products Distribution S\$'000	Unallocated S\$'000	Consolidated S\$'000
Revenue				
External revenue	1,001	12,175	-	13,176
Results				
Segment results	49	1,308	(422)	935
Interest income	-	2	-	2
Finance costs	(10)	(156)	-	(166)
Amortisation of intangible assets	-	(114)	-	(114)
Amortisation of right-of-use assets	-	(209)	-	(209)
Depreciation of property, plant and equipment	(14)	(47)	-	(61)
Profit/(Loss) before income tax	25	784	(422)	387
Income tax expense	-	(227)	-	(227)
Profit/(Loss) after income tax	25	557	(422)	160
Capital expenditure				
- Additions to non-current assets	1	152	-	153
Assets and Liabilities				
Segment assets	7,278	24,045	118	31,441
Current income tax recoverable and deferred tax asset	50	418	-	468
Total assets	7,328	24,463	118	31,909
Segment liabilities	1,751	11,664	234	13,649
Deferred tax liabilities and current income tax payable	-	214	-	214
Total liabilities	1,751	11,878	234	13,863

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
Revenue				
External revenue	924	11,047	-	11,971
Results				
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 of property, plant and equipment	(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
Assets and Liabilities				
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 current income tax payable	-	279	-	279
Total liabilities	1,449	11,419	158	13,026

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
Half year ended 30 September 2022				
Non-current assets	7,437	1,450	122	9,009

Half year ended 30 September 2021

Non-current assets	7,450	1,495	307	9,252
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Disaggregation of revenue

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

Half year ended 30 September	Components Distribution		Aluminium Products Distribution		Total	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
<u>Primary Geographical market</u>						
Singapore	762	837	1,947	1,827	2,709	2,664
Malaysia	146	63	7,798	6,260	7,944	6,323
People's Republic of China	-	-	2,400	2,900	2,400	2,900
Others	93	24	30	60	123	84
	1,001	924	12,175	11,047	13,176	11,971
<u>Timing of transfer of goods</u>						
- Point in time	1,001	924	12,175	11,047	13,176	11,971

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

5. Profit before tax – significant items

	Group Half year ended 30 September		Increase/ (Decrease) %
	2022 S\$'000	2021 S\$'000	
Profit before income tax is arrived at:			
After charging:			
Amortisation of intangible assets	114	114	-
Amortisation of right-of-use assets	209	146	43.2
Depreciation of property, plant and equipment	61	76	(19.7)
Interest expense	166	114	45.6
Foreign exchange loss, net	547	12	NM
and crediting:			
Gain on disposal of property, plant and equipment	20	-	NM
Government grants	30	45	(33.3)
Rental income	30	30	-

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	
	2022 S\$'000	2021 S\$'000
Current income tax	255	232
Deferred income tax - over provision in prior periods reversed	(28)	(27)
	227	205

7. Earnings Per Share

	Group Half year ended 30 September	
	2022	2021
Profit attributable to owners of the parent (SGD'000)	10	310
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)	0.001	0.018
(b) On a fully diluted basis (SGD cents)	0.001	0.018

Earnings per ordinary share for the financial period ended 30 September 2022 (“1HFY23”) and for the financial period ended 30 September 2021 (“1HFY22”) in Item 7(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 per ordinary share on a fully diluted basis for 1HFY23 and for 1HFY22 in Item 7(b) are the same as the basic 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.

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

8. Net Asset Value

	Group		Company	
	As at 30/09/2022	As at 31/03/2022	As at 30/09/2022	As at 31/03/2022
Net asset value per ordinary share based on issued share capital (SGD cents)	1.04	1.06	1.34	1.36

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 2022 and 31 March 2022.

9. Share capital

	Group and Company			
	As at 30/09/2022	As at 31/03/2022	As at 30/09/2022	As at 31/03/2022
	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 2022 and 30 September 2021.

There were no subsidiary holdings as at 30 September 2022 and 30 September 2021.

The Company did not have any treasury shares as at 30 September 2022, 31 March 2022 and 30 September 2021.

10. Investment Properties

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 2022 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 2022. In making that decision, the management has assessed that market conditions have not changed much since 31 March 2022, 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
Group			
Cost			
Balance as at 31.3.2022 and 30.9.2022	4,359	3,108	7,467
Accumulated amortisation			
Balance as at 1.4.2022	-	2,426	2,426
Amortisation for the financial period	-	114	114
Balance as at 30.9.2022	-	2,540	2,540
Accumulated impairment			
Balance as at 1.4.2022 and 30.9.2022	3,556	-	3,556
Carrying amount			
Balance as at 30.9.2022	803	568	1,371

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 3 years.

12. Trade and Other Receivables

	Group	
	As at 30/09/2022 S\$'000	As at 31/03/2022 S\$'000
Trade receivables	5,771	6,657
Loss allowance	(127)	(191)
	5,644	6,466
Other receivables	656	453
	6,300	6,919

Movements in loss allowance for trade receivables were as follows:

	Group	
	As at 30/09/2022 S\$'000	As at 31/03/2022 S\$'000
Balance at the beginning of the period/ year	191	108
Write-off against allowance	-	(18)
Loss allowance (reversed)/ made during the period/ year	(57)	102
Foreign currency translation differences	(7)	(1)
Balance at the end of the period/ year	127	191

Reversal of loss allowance of S\$57,000 was recorded during the half year period ended 30 September 2022 upon collection of the impaired debts. A loss allowance of S\$Nil (30 September 2021: S\$24,000) was estimated for this half year period ended 30 September 2022. 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 30/09/2022 S\$'000	As at 31/03/2022 S\$'000
<u>Amount repayable within one year or on demand</u>		
Bank overdraft – unsecured	112	44
Term loan – secured	58	58
Term loans – unsecured	1,051	1,035
Trust receipts – unsecured	5,366	5,340
	<u>6,587</u>	<u>6,477</u>
<u>Amount repayable after one year</u>		
Term loan – secured	646	704
Term loans – unsecured	1,864	2,393
	<u>2,510</u>	<u>3,097</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 and the bank overdraft 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 Catalyst 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 2022 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 2022 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 2022 ("1HFY23") vs. Six months ended 30 September 2021 ("1HFY22")

Turnover and Gross Profit

Sales momentum has slowed over 1HFY23, nevertheless the Group has managed to achieve an increase in revenue of 10.1% when compared to the corresponding period of 1HFY22. The unstable global situation of political conflicts and climate catastrophes, the COVID-19 lockdowns in the People's Republic of China (the "PRC") and weakening Malaysian Ringgit and Chinese Renminbi have eroded our bottom line for 1HFY23.

Revenue from the aluminium products distribution division increased 10.2% while the increase for the components distribution division was 8.3%. The geographical segment report showed that the revenue growth of 25.6% from our Malaysia segment outstripped the other markets. The Singapore segment managed a small growth of 1.7% whereas revenues from the PRC segment fell 17.2% as our operations there were adversely affected by the COVID-19 lockdowns. Our Malaysian operations support mainly the small and medium enterprises that form an important part of Malaysia's industrial products and services industries, and these industries and their related manufacturing activities have continued to flourish after the lifting of the COVID-19 restrictions in the prior year.

Gross margin for 1HFY23 was 26.9% as compared to 25.6%. The slight improvement in gross margin is indicative of the better product portfolio management.

Profit Before Income Tax

Other income increased by 8.1% in 1HFY23 as compared to 1HFY22 due mainly to a gain on disposal of plant and equipment amounting to approximately S\$20,000 which was offset by the reduction in government grants due to the receipt of final wage supports under the Jobs Support Scheme during 1HFY22.

The increase in distribution costs and administrative expenses in 1HFY23 correlates to the sales increase as more resources were needed to support the processing of goods and their deliveries. In particular, utilities bill increased 40.4% due partly to increased energy prices and partly to the larger floor area leased as factory. Sales and distribution costs including entertainment spending and local transportation costs increased 71.7% and 46.0% respectively.

Finance costs increased by 45.6% in 1HFY23 as compared to 1HFY22 as more bank facilities were utilised to finance the increase in the purchases of stocks.

Other expenses also increased substantially due mainly to exchange losses suffered totaling S\$0.55 million, most of which are unrealised exchange differences upon translation of US dollars net liabilities at period end as the US dollar strengthened against the Singapore dollar, Malaysian ringgit and the Renminbi. Depreciation of property, plant and equipment decreased 19.7% as certain older assets were fully depreciated after 1HFY22. Amortisation of right-of-use assets increased 43.2% due mainly to increased leased space for the Singapore factory since 1 September 2021.

Assets and Liabilities

Property, plant and equipment decreased through a depreciation charge of S\$0.06 million and disposal of motor vehicles of S\$0.01 million, offset by additions of new assets of S\$0.02 million, which included desktops and additional installation of CCTV for both the Singapore and Johor Bahru factories.

Right-of-use assets, which included capitalised lease rentals as well as leased plant and equipment, decreased by an amortisation charge of S\$0.21 million, but the decrease was offset by the additions of two leased lorries costing S\$0.13 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 anticipated increase of sales. However the COVID-19 lockdowns in the PRC has also contributed to a temporary build-up of stocks.

Trade receivables decreased as the sales increases were at a moderated pace over the half year period when compared to the steeper increases just before 31 March 2022.

Trade payables remained largely consistent over the half year period. Other payables on the other hand increased as a result of higher advanced billings from the components distribution division of S\$0.44 million as at 30 September 2022 as compared to S\$0.32 million as at 31 March 2022, and more deposits collected from PRC customers of S\$0.23 million as compared to prior period's S\$0.02 million deposit collected.

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\$11.55 million as at the end of 1HFY23.

Cash Flow and Working Capital

Both divisions of the Group recorded profits before tax and depreciation charges, giving rise to an operating cash inflow of S\$1.01 million. Working capital cash outflow arose mainly from the increase in inventories of S\$1.51 million which was partially offset by cash inflows from reduction of receivables and increase of payables. Net cash inflow from operations was further reduced by the payments of interest expenses and income taxes.

Cash outflow of investing activities was mainly for the purchases of new plant and equipment offset by gain on disposal of motor vehicles.

Cash inflow of financing activities was from proceeds of trust receipts to finance purchases, but the repayments of matured trust receipts and instalment payments of term loans and finance leases more than offset the inflow, giving rise to a net outflow from financing activities of S\$0.71 million.

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 Group observed slowing momentum in business activities among our customers across the various regions that we operate in as uncertainties in the global trade environment weighed on the demand of our products. The headwinds include the continuing inflationary trends which heightened recession risks in the major economies, tightening of global monetary policies and ongoing geopolitical tensions. These factors coupled with the negative impacts of COVID-19 controls in the PRC, will affect our revenue growth going forward.

The Group will continue to monitor closely its product portfolio to ensure faster products turnaround time as well as to optimise its gross margin.

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 1HFY23 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 during 1HFY23.

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 1HFY23. The Company and the Group entities did not incorporate any new subsidiary or associated company during 1HFY23.

BY ORDER OF THE BOARD

Ong Kian Soon
Chief Executive Officer
10 November 2022

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 Collyer Quay Centre, 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 2022 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
10 November 2022