AGV GROUP LIMITED
Company Registration No. 201536566H
(Incorporated in the Republic of Singapore on 2 October 2015)

UNAUDITED FINANCIAL STATEMENT FOR THE HALF YEAR ENDED 31 MARCH 2020

Part I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1 (a) (i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	Half year ended		Increase/ (Decrease)
	31-Mar-20	31-Mar-19	
	S$'000	S$'000	%
Revenue	7,556	1,876 [1]	>100
Other item of income			
Other income	230	43 [1]	>100
Items of expense			
Consumables used	(3,340)	(895)	>100
Employee benefits expense	(1,756)	(1,104)	59
Lease expenses	(49)	(256)	(81)
Depreciation expense	(978)	(864)	13
Other expenses	(1,309)	(1,218)	7
Finance costs	(767)	(1,034)	(26)
Loss before income tax	**(413)**	**(3,452)**	(>100)
Income tax expense	(66)	-	>100
Loss for the financial period	**(479)**	**(3,452)**	(>100)
Other comprehensive loss			
Items that may be reclassified subsequently to profit and loss			
Exchange difference on translating foreign operation	(124)	84	(>100)
Loss for the financial period, representing total comprehensive income for the financial period	**(603)**	**(3,368)**	(82)

Note:

1. The Company reclassified the sale of ash and dross of S$90,000 for the period ended 31 March 2019 from other income to revenue for consistency with the current financial period presentation. This reclassification had no effect on the reported results of operations.

	The Group		
	Half year ended		Increase/ (Decrease)
	31-Mar-20	31-Mar-19	
	S$'000	S$'000	%
Loss attributable to:			
Owners of the Group	(193)	(3,178)	(94)
Non-controlling interests	(286)	(274)	4
	(479)	(3,452)	(86)
Total comprehensive loss attributable to:			
Owners of the Group	(256)	(3,109)	(92)
Non-controlling interests	(347)	(259)	34
	(603)	(3,368)	(82)
Loss per share attributable to owners of the Company (cents)			
Basic and diluted	**(0.10)**	**(1.92)**	(95)

1 (a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Note 1: Other income

	The Group	
	Half year ended	
	31-Mar-20	31-Mar-19
	S$'000	S$'000
Government grant	204	14
Miscellaneous income	26	29
Total	**230**	**43**

Note 2: Employee benefits expense

	The Group	
	Half year ended	
	31-Mar-20	31-Mar-19
	S$'000	S$'000
Directors' remuneration	389	72
Employee compensation costs	1,367	1,032
Total	**1,756**	**1,104**

Note 3: Other expenses

	The Group	
	Half year ended	
	31-Mar-20	31-Mar-19
	S$'000	S$'000
General administration and production related costs	934	625
Professional fees and consultation expenses	375	593
Total	**1,309**	**1,218**

Note 4: Income tax expense

	The Group	
	Half year ended	
	31-Mar-20	31-Mar-19
Income tax expense	S$'000	S$'000
Current taxation		
Under provision in respect of prior years	66	-
Total	**66**	**-**

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:

	The Group		The Company	
	31-Mar-20	30-Sep-19	31-Mar-20	30-Sep-19
ASSETS	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Non-current assets				
Subsidiaries	-	-	16,707	9,189
Property, plant and equipment	14,310	13,197	172	4
Deferred tax assets	378	378	-	-
Total non-current assets	**14,688**	**13,575**	**16,879**	**9,193**
Current assets				
Cash and bank balances	529	141	5	34
Pledged fixed deposit	368	338	-	-
Trade and other receivables	4,285	2,642	9,435	7,027
Inventories	2,086	2,276	-	-
Prepayments	290	53	44	22
Total current assets	**7,558**	**5,450**	**9,484**	**7,083**
Total assets	**22,246**	**19,025**	**26,363**	**16,276**
EQUITY AND LIABILITIES				
Equity				
Share capital	14,587	14,587	14,587	14,587
Accumulated losses	(21,731)	(21,538)	(5,796)	(18,989)
Other reserve	(2,565)	(2,565)	-	-
Translation reserve	(39)	24	-	-
(Capital deficiency)/ Equity attributable to owners of the Company	**(9,748)**	**(9,492)**	**8,791**	**(4,402)**
Non-controlling interests	(3,195)	(2,848)	-	-
Total (capital deficiency)/ equity	**(12,943)**	**(12,340)**	**8,791**	**(4,402)**
Non-current liabilities				
Trade and other payables	766	13,262	-	12,566
Lease liabilities	1,858	360	140	-
Borrowings	8,172	9,320	271	328
Deferred tax liabilities	57	72	-	-
Total non-current liabilities	**10,853**	**23,014**	**411**	**12,894**
Current liabilities				
Trade and other payables	21,054	5,412	17,023	7,685
Provision for reinstatement cost	100	100	-	-
Lease liabilities	588	249	31	-
Borrowings	2,594	2,590	107	99
Total current liabilities	**24,336**	**8,351**	**17,161**	**7,784**
Total liabilities	**35,189**	**31,365**	**17,572**	**20,678**
Total equity and liabilities	**22,246**	**19,025**	**26,363**	**16,276**

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	The Group		The Group	
	As at 31 Mar 2020		As at 30 Sep 2019	
	S$'000	S$'000	S$'000	S$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	3,182	-	2,839	-
Amount repayable after one year	10,030	-	9,680	-
	13,212	**-**	**12,519**	**-**

Details of collaterals

The Group's existing borrowings are secured by:

(i) Personal guarantees by certain shareholders and directors;
(ii) Legal mortgage on the leasehold property and renovation; and
(iii) Fixed charge over the Group's plant and equipment.

1(c) Group cash flow statement together with a comparative statement for the preceding financial year:

Consolidated Statements of Cash flows	The Group	
	Half year ended	
	31-Mar-20	31-Mar-19
	S$'000	S$'000
Operating activities		
Loss before income tax	(413)	(3,452)
Adjustments for:		
Depreciation expense	978	864
Interest expense	767	1,034
Fixed asset written off	3	-
Allowance for impairment of receivables	-	24
Operating cash flows before movements in working capital	**1,335**	**(1,530)**
Movements in working capital		
Inventories	190	(677)
Trade and other receivables	(1,643)	(800)
Prepayments and deposits	(237)	(117)
Trade and other payables	(447)	275
Cash used in operations	**(802)**	**(2,849)**
Income taxes paid	(81)	-
Net cash used in operating activities	**(883)**	**(2,849)**
Investing activities		
(Acquisition)/disposal of property, plant and equipment	(14)	28
Net cash generated from investing activities	(14)	28
Financing activities		
Proceeds from third parties	3,800	-
Loan from directors	(207)	3,273
Cash payments for lease liabilities	(293)	-
Proceeds from borrowings	-	-
Repayment of borrowings	(1,861)	(1,681)
Increase in pledged deposit	(30)	-
Proceeds from issuance of ordinary shares	-	1,135
Net cash generated from financing activities	**1,409**	**2,727**
Net increase/(decrease) in cash and cash equivalents	**512**	**(94)**
Cash and cash equivalents at beginning of period	141	77
Effect of exchange rate changes	(124)	84
Cash and cash equivalents at end of period	**529**	**67**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year:

	The Group						
	Share Capital	Accumulated losses	Other reserve	Translation reserve	Total equity	Non-Controlling interest	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 October 2018	**13,453**	**(14,745)**	**(2,565)**	**23**	**(3,834)**	**(1,238)**	**(5,072)**
Loss for the year	-	(3,178)	-	-	(3,178)	-	**(3,178)**
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	69	69	(259)	**(190)**
Total comprehensive loss for the year	-	(3,178)	-	69	(3,109)	(259)	**(3,368)**
Issuance of ordinary shares	1,134	-	-	-	1,134	-	**1,134**
Balance at 31 March 2019	**14,587**	**(17,923)**	**(2,565)**	**92**	**(5,809)**	**(1,497)**	**(7,306)**
Balance at 1 October 2019	**14,587**	**(21,538)**	**(2,565)**	**24**	**(9,492)**	**(2,848)**	**(12,340)**
Loss for the period	-	(193)	-	-	(193)	(286)	**(479)**
Other comprehensive loss: Exchange differences on translating foreign operations	-	-	-	(63)	(63)	(61)	**(124)**
Total comprehensive loss for the period	-	(193)	-	(63)	(256)	(347)	**(603)**
Balance at 31 March 2020	**14,587**	**(21,731)**	**(2,565)**	**(39)**	**(9,748)**	**(3,195)**	**(12,943)**

	The Company		
	Share Capital	**Accumulated losses**	**Total equity**
	S$'000	**S$'000**	**S$'000**
Balance at 1 October 2018	**13,453**	**(1,713)**	**11,740**
Loss for the year	-	293	293
Total comprehensive loss for the year	-	293	293
Issuance of ordinary shares	1,134	-	1,134
Balance at 31 March 2019	**14,587**	**(1,420)**	**13,167**
Balance at 1 October 2019	**14,587**	**(18,989)**	**(4,402)**
Profit for the period	-	13,193	13,193
Total comprehensive income for the period	-	13,193	13,193
Balance at 31 March 2020	**14,587**	**(5,796)**	**8,791**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Share Capital of the Company	As at 31 Mar 2020	As at 30 Sep 2019
Number of Shares	185,946,440	185,946,440
Share Capital S$ '000	14,587	14,587

As at 30 September 2019 and 31 March 2020, the Company has no outstanding convertibles, treasury shares or subsidiary holdings.

1(d)(iii) 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

	As at 31 Mar 2020	As at 30 Sep 2019
Number of Issued Shares excluding treasury shares	185,946,440	185,946,440

There are no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures presented have not been audited or reviewed by the auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to its audited financial statements for the financial year ended 30 September 2019 except that the Group has adopted a new accounting standard SFRS(I) 16: Leases which came into effect on 1 January 2019.

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 a new accounting standard SFRS(I) 16: Leases which came into effect on 1 January 2019, sets out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for leases.

The Group has applied the new accounting standard on modified retrospective approach to recognise the cumulative effect of initially applying SFRS(I) 16. Accordingly, the comparative financial statements will not be restated.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	31-Mar-20	**31-Mar-19**
Loss used in calculating basic and dilutive loss per share (S$' 000)	(193)	(3,178)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	185,946,440	165,177,209
Basic and diluted loss per share (cents)	**(0.10)**	**(1.92)**

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 period reported on and
(b) immediately preceding financial year

Net asset value ("NAV") per ordinary share	Group		The Company	
	31-Mar-20	30-Sep-19	31-Mar-20	30-Sep-19
NAV (S$' 000)	(9,748)	(9,492)	8,791	(4,402)
Number of Ordinary shares	185,946,440	185,946,440	185,946,440	185,946,440
Net asset value per ordinary share based on issued share capital (cents)	**(5.24)**	**(5.10)**	**4.73**	**(2.37)**

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported

REVIEW OF FINANCIAL PERFORMANCE

Revenue

The Group recorded revenue of approximately S$7.6 million in 1HFY2020, an increase of S$5.7 million compared to S$1.9 million in 1HFY2019. This was mainly due to an increase in zinc sales quantity from 3,680mt in 1HFY2019 to 14,993mt in 1HFY2020, as operations have returned to running on two shifts leading to faster turnaround time and improved services, including timely delivery of goods.

Other income

Other income increased from approximately S$43,000 in 1HFY2019 to S$230,000 in 1HFY2020. This was mainly due to an increase in government grants received in 1HFY2020.

Consumables used

Cost of consumables increased from approximately S$0.9 million in 1HFY2019 to S$3.3 million in 1HFY2020 mainly due to higher production, which was in line with the increase in sales in 1HFY2020.

Employee benefits expense

Employee benefits expense, comprising directors' remuneration and staff-related expenses increased by approximately S$0.7 million from S$1.1 million in 1HFY2019 to S$1.8 million in 1HFY2020 mainly due to an increase in foreign workers headcount as operations returned to running on two shifts.

Lease expenses

Lease expenses, which mainly comprise factory rental, motor vehicles and office equipment rental, decreased from approximately S$256,000 in 1HFY2019 to S$49,000 in 1HFY2020. The decrease was due to the application of SFRS(I) 16.

Depreciation expense

Depreciation expenses increased from approximately S$0.9 million in 1HFY2019 to S$1.0 million 1HFY2020 mainly due to the application of SFRS(I) 16, where the depreciation on the right-of-use assets have been recognised.

Other expenses

Other expenses increased from approximately S$1.2 million in 1HFY2019 to S$1.3 million in 1HFY2020. This was mainly due to the increase in general administration and production costs as a result of higher production and sales, which was partially offset by the decrease in professional fees and consultation expenses from approximately S$0.6 million in 1HFY2019 to S$0.4 million in 1HFY2020.

Finance costs

Finance costs decreased by approximately S$0.2 million from S$1.0 million in 1HFY2019 to S$0.8 million in 1HFY2020. The decrease was mainly attributable to the rescheduling of loan agreement with the institutional lenders in 1HFY2019.

Income tax expense

The Group recorded income tax expense of approximately S$66,000 in 1HFY2020 as a result of reassessment of tax payable in prior years.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2020

Non-current assets

Non-current assets increased by approximately S$1.1 million from S$13.6 million as at 30 Sep 2019 to S$14.7 million as at 31 Mar 2020, mainly due to the increase in right-of-use assets.

Current assets

Current assets increased by approximately S$2.0 million from S$5.5 million as at 30 Sep 2019 to S$7.5 million as at 31 Mar 2020 mainly due to an increase in cash and bank balances of S$0.4 million and trade and other receivables of S$1.6 million.

Equity

The net loss of approximately S$0.6 million in 1HFY2020 has resulted in the total capital deficiency to increase from S$12.3 million as at 30 Sep 2019 to S$12.9 million as at 31 Mar 2020.

Liabilities

Total liabilities increased by approximately S$3.8 million from S$31.4 million as at 30 Sep 2019 to S$35.2 million as at 31 Mar 2020. This was mainly due to the increase in trade and other payables of S$3.1 million which comprise of advances from third parties, an increase in lease liabilities of S$1.8 million due the application of SFRS(I) 16. The increases were partially offset by the repayment of total borrowings of S$1.1 million.

REVIEW OF STATEMENTS OF CASH FLOWS

In 1HFY2020, cash and cash equivalents increased by approximately S$0.5 million, mainly due to cash inflow generated from financing activities of S$1.4 million, partially offset by cash outflows from operating activities of S$0.9 million and cash outflows from investing activities of S$14,000.

Cash inflow generated from financing activities was mainly derived from advances received from third parties of approximately S$3.8 million, which was partially offset by the repayment of borrowings of S$1.9 million, repayment of directors' loan of S$0.2 million and repayment of lease liabilities of S$0.3 million.

This announcement was prepared on a going concern basis on the following premise:
- the Group's ability to generate sufficient cash flows from their operations; and
- continued financial support from the Group's individual lenders.

The Board also wishes to highlight that the Group is undertaking the Rights Issue (as defined below), which will have the effect of fresh funds being available to the Group, and a reduction of its indebtedness.

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

No forecast or prospect statement was previously disclosed to shareholders.

10 A commentary at the date of the announcement of the 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

As announced by the Company on 6 May 2020, in light of the COVID-19 pandemic and the control measures put in place by the Singapore and Malaysia governments, the Group was earlier required to temporarily close its workplace premises. The Group had then received a notice from the Ministry of International Trade and Industry on 5 May 2020, allowing it to continue its refurbishment and upgrading works, within the conditions set by the Malaysian government. The Group had also on 12 May 2020 received approval from the Ministry of Trade and Industry to re-commence its Singapore operations. However, the Group is still pending approval from the Building and Construction Authority and will only be able to re-commence its Singapore operations thereafter.

The temporary closure of operations has resulted in production disruptions and goods delivery, particularly in the months of April and May 2020. The Group is still assessing the extent of the impact for the Group's financial year ending 30 September 2020.

For further information, please refer to the Group's announcement dated 6 May 2020 in relation to updates on the impact of the COVID-19 pandemic on the Group's businesses.

The Company is constantly monitoring the COVID-19 situation and looks forward to resuming operations once the situation permits.

The Company had also on 8 May 2020 obtained approval from its shareholders to, amongst others, undertake a renounceable non-underwritten rights issue of up to 929,732,200 new ordinary shares in the capital of the Company at an issue price of S$0.025 for each rights share (the "**Rights Issue**"). The Company is currently in the midst of preparing the offer information statement in relation to the Rights Issue and will continue to keep shareholders updated as and when necessary.

11 Dividend

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Not applicable.

(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 by the Board of Directors in respect of the half year financial period ended 31 March 2020, after considering its financial performance.

13 If the group has obtained a general mandate from shareholders for 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 has obtained a general mandate from shareholders for Interested Person Transactions on 30 January 2020 and the IPT transactions amounted to approximately S$3.0 million from October 2019 to March 2020.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
JD Resources International Limited	-	S$2,962,952

14 Confirmation pursuant to Rule 705(5).

The Board of Directors hereby confirms that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 31 Mar 2020 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

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

BY ORDER OF THE BOARD

Chua Wei Kee
Executive Chairman
15 May 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05, Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.