

**EUROSPORTS GLOBAL LIMITED**

Company Registration Number: 201230284Z

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**Half Year Financial Statements and Related Announcement  
For The Six Months Financial Period Ended 30 September 2015**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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**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, or statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	30-Sep-15 S\$'000	30-Sep-14 S\$'000	
Revenue	32,030	15,799	102.7
Cost of Sales	(27,589)	(13,528)	103.9
<b>Gross Profit</b>	<b>4,441</b>	<b>2,271</b>	95.6
Other Income	4,308	2,939	46.6
Interest Income	82	33	149.7
Other Credits (Charges), net	59	(23)	n.m. <sup>(1)</sup>
Marketing and Distribution Expenses	(1,936)	(1,718)	12.7
Administrative Expenses	(8,158)	(6,581)	24.0
Finance Costs	(401)	(72)	458.7
<b>Loss Before Tax</b>	<b>(1,605)</b>	<b>(3,151)</b>	(49.1)
Income Tax Expense	-	(16)	(100.0)
<b>Loss, Net of Tax</b>	<b>(1,605)</b>	<b>(3,167)</b>	(49.3)
<b>Total Comprehensive Loss</b>	<b>(1,605)</b>	<b>(3,167)</b>	(49.3)
<b>Loss, Net of Tax and Total Comprehensive Loss</b>			
<b>Attributable to:</b>			
Owners of the Company	(1,658)	(3,133)	(47.1)
Non-Controlling Interest	53	(34)	n.m. <sup>(1)</sup>
	<b>(1,605)</b>	<b>(3,167)</b>	(49.3)
<b>Loss Per Share (Cents)</b>			
Basic and Diluted	<b>(0.63)</b>	<b>(1.18)</b>	(46.6)

Note:

(1) n.m. denotes not meaningful

**1(a)(ii). Notes to the Combined Statements of Comprehensive Income**

Loss before tax has been arrived at after crediting (charging):

	<b>Group</b>		Increase/ (Decrease) %
	<b>Six Months Ended</b>	<b>Six Months Ended</b>	
	<b>30-Sep-15</b>	<b>30-Sep-14</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Other Income</b>			
Commission Income	1,075	453	137.2
Rental Income	757	552	37.1
- <i>includes leasing income</i>	357	234	52.3
Deferred Income	1,667	1,667	-
Other Income	809	267	199.6
<b>Other Credits (Charges), Net</b>			
Allowance for Impairment on Trade Receivables	(44)	(31)	43.6
Foreign Exchange Adjustments Gain	95	21	342.4
Gain (Loss) on Disposal of Property, Plant and Equipment	8	(13)	n.m. <sup>(1)</sup>
<b>Marketing and Distribution Expenses</b>			
Advertising and Promotions	(1,323)	(1,342)	(1.4)
Sales Commission Expense	(313)	(94)	233.1
Entertainment	(230)	(228)	0.7
<b>Administrative Expenses</b>			
Employee Benefits Expense	(2,884)	(2,218)	30.0
Rental Expense	(2,437)	(2,026)	20.3
- <i>includes Amortisation of Land Premium</i>	(264)	(264)	-
Depreciation Expense	(958)	(761)	25.8
Professional Fees	(230)	(321)	(28.4)
Property Tax	(366)	(168)	117.7
<b>Income Tax Expense</b>			
Current Tax Expense	-	-	-
Under Adjustments to Current Tax in respect of Prior Periods	-	(16)	(100.0)

Note:

(1) n.m. denotes not meaningful

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

	Group		Company	
	As at		As at	
	30-Sep-15 S\$'000	31-Mar-15 S\$'000	30-Sep-15 S\$'000	31-Mar-15 S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	22,924	23,045	-	-
Investment in Subsidiaries	-	-	7,953	7,953
Other Assets, Non-Current	376	640	-	-
<b>Total Non-Current Assets</b>	<b>23,300</b>	<b>23,685</b>	<b>7,953</b>	<b>7,953</b>
<b>Current Assets</b>				
Inventories	47,276	33,329	-	-
Trade and Other Receivables	4,032	1,981	10,261	11,385
Other Assets, Current	4,931	3,577	184	44
Cash and Cash Equivalents	8,644	9,581	213	191
<b>Total Current Assets</b>	<b>64,883</b>	<b>48,468</b>	<b>10,658</b>	<b>11,620</b>
<b>Total Assets</b>	<b>88,183</b>	<b>72,153</b>	<b>18,611</b>	<b>19,573</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	18,469	18,469	18,469	18,469
Retained Earnings (Accumulated Losses)	4,826	6,484	(145)	757
Equity Attributable to Owners of Company	23,295	24,953	18,324	19,226
Non-Controlling Interest	164	111	-	-
<b>Total Equity</b>	<b>23,459</b>	<b>25,064</b>	<b>18,324</b>	<b>19,226</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities, Non-Current	10,091	10,307	-	-
Other Liabilities, Non-Current	11,532	13,199	-	-
<b>Total Non-Current Liabilities</b>	<b>21,623</b>	<b>23,506</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Income Tax Payable	135	135	-	-
Trade and Other Payables	3,264	1,447	287	347
Financial Liabilities, Current	22,629	7,394	-	-
Other Liabilities, Current	17,073	14,607	-	-
<b>Total Current Liabilities</b>	<b>43,101</b>	<b>23,583</b>	<b>287</b>	<b>347</b>
<b>Total Equity and Liabilities</b>	<b>88,183</b>	<b>72,153</b>	<b>18,611</b>	<b>19,573</b>

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: (A) the amount repayable in one year or less, or on demand; (B) the amount repayable after one year; (C) whether the amounts are secured or unsecured; and (D) details of any collaterals.

	As at 30-Sep-15		As at 31-Mar-15	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	22,629	-	7,394	-
Amount repayable after one year	10,091	-	10,307	-

**Details of Collaterals**

As at and 30 September 2015 and 31 March 2015, the Group's borrowings are secured by:

- A legal mortgage over the leasehold properties under construction in progress
- A fixed and floating charge over inventories and accounts receivables
- Joint and several guarantees by the Executive Directors of the Company
- Corporate guarantee by the Company

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Six Months Ended	
	30-Sep-15 S\$'000	30-Sep-14 S\$'000
<b><u>Cash Flows Used in Operating Activities</u></b>		
Loss Before Tax	(1,605)	(3,151)
Adjustments for:		
Deferred Income	(1,667)	(1,667)
Depreciation of Property, Plant and Equipment	958	761
Amortisation of Other Assets	264	264
(Gain) Loss on Disposal of Property, Plant and Equipment	(9)	13
Interest Income	(81)	(33)
Interest Expense	401	72
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>(1,739)</b>	<b>(3,741)</b>
Inventories	(13,382)	(3,758)
Trade and Other Receivables	(2,050)	(1,494)
Other Assets	(1,354)	1,036
Other Liabilities	2,466	1,897
Trade and Other Payables	1,817	(56)
<b>Net Cash Flows Used in Operations</b>	<b>(14,242)</b>	<b>(6,116)</b>
Income Taxes Paid	-	(16)
<b>Net Cash Flows Used in Operating Activities</b>	<b>(14,242)</b>	<b>(6,132)</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Net Cash Used in Acquisition of a Subsidiary	-	(1,356)
Purchase of Property, Plant and Equipment	(290)	(2,989)
Disposal of Property, Plant and Equipment	116	87
Interest Received	81	33
<b>Net Cash Flows Used in Investing Activities</b>	<b>(93)</b>	<b>(4,225)</b>
<b><u>Cash Flows From (Used in) Financing Activities</u></b>		
Increase of Financial Liabilities	14,464	1,476
Finance Lease Repayment	(665)	(1,660)
Dividends Paid to Equity Owners	-	(7,420)
Interest Paid	(401)	(72)
<b>Net Cash Flows From (Used in) Financing Activities</b>	<b>13,398</b>	<b>(7,676)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(937)</b>	<b>(18,033)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	9,221	33,794
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>8,284<sup>(1)</sup></b>	<b>15,761<sup>(1)</sup></b>

Notes:

(1) Cash and cash equivalents is net of cash restricted in use over 3 months of S\$0.36 million.

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.

	<b>Group</b>					
	<b>Share Capital</b>	<b>Merger Reserves</b>	<b>Retained Earnings</b>	<b>Attributable to Owners of the Company</b>	<b>Non- Controlling Interest</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>As at 1 April 2015</b>	18,469	-	6,484	24,953	111	25,064
<b>Movements in Equity:</b>						
Total Comprehensive Loss for the Year	-	-	(1,658)	(1,658)	53	(1,605)
<b>As at 30 September 2015</b>	<u>18,469</u>	<u>-</u>	<u>4,826</u>	<u>23,295</u>	<u>164</u>	<u>23,459</u>
<b>As at 1 April 2014</b>	18,469	(4,453)	22,377	36,393	-	36,393
<b>Movements in Equity:</b>						
Total Comprehensive Loss for the Year	-	-	(3,133)	(3,133)	(34)	(3,167)
Effects of Acquisition of a Subsidiary	-	-	-	-	1,200	1,200
Dividends Paid	-	-	(7,420)	(7,420)	-	(7,420)
<b>As at 30 September 2014</b>	<u>18,469</u>	<u>(4,453)</u>	<u>11,824</u>	<u>25,840</u>	<u>1,166</u>	<u>27,006</u>

	<b>Company</b>		
	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>As at 1 April 2015</b>	18,469	757	19,226
<b>Movements in Equity:</b>			
Total Comprehensive Loss for the Year	-	(902)	(902)
<b>As at 30 September 2015</b>	<u>18,469</u>	<u>(145)</u>	<u>18,324</u>
<b>As at 1 April 2014</b>	18,469	(1,733)	16,736
<b>Movements in Equity:</b>			
Total Comprehensive Income for the Year	-	9,131	9,131
Dividends Paid	-	(7,420)	(7,420)
<b>As at 30 September 2014</b>	<u>18,469</u>	<u>(22)</u>	<u>18,447</u>

**1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against total number of issued shares excluding treasury shares 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.**

	<b>Company</b>	
	<b>Number of Ordinary Shares</b>	<b>Issued and Paid-up Share Capital S\$</b>
Issued and paid up share capital as at 31 March 2015 and 30 September 2015	265,000,000	18,469,317

There were no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles or treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

**1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>Number of Ordinary Shares</b>	
	<b>As at</b>	
	<b>30-Sep-15</b>	<b>31-Mar-15</b>
Total number of issued shares excluding treasury shares	265,000,000	265,000,000

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

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.



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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to its audited financial statements for the financial year ended 31 March 2015.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current financial period, the Group has adopted all the new and revised financial reporting standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to the Group and effective for the financial period beginning 1 April 2015. The adoption of these new and revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	<b>Group</b>	
	<b>Six Months Ended</b>	
	<b>30-Sep-15</b>	<b>30-Sep-14</b>
Loss, Net of Tax Attributable to Owners of the Company (S\$'000)	(1,658)	(3,133)
Weighted Average Number of Ordinary Shares	265,000,000	265,000,000
Loss Per Share - Basic and Diluted (cents)	(0.63)	(1.18)

Loss Per Share is computed based on the Loss, Net of Tax Attributable to Owners of the Company divided by the Weighted Average Number of Ordinary Shares.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current period reported on; and (b) immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>30-Sep-15</b>	<b>31-Mar-15</b>	<b>30-Sep-15</b>	<b>31-Mar-15</b>
NAV per Ordinary Shares (cents)	8.79	9.46	6.91	7.26
Equity Attributable to Owners of the Company (S\$'000)	23,295	24,953	18,324	19,226
Number of Shares used in computation of NAV per Ordinary Shares ('000)	265,000	265,000	265,000	265,000

**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 on.**

**(a) Review of Group's Performance**

**Revenue**

Revenue increased by approximately S\$16.23 million or 102.7%, from S\$15.80 million in 1HFY2015 to S\$32.03 million in 1HFY2016.

- (a) Sale of automobiles increased by approximately S\$14.90 million or 118.0%, from S\$12.62 million in 1HFY2015 to S\$27.52 million in 1HFY2016. This was mainly due to:
  - (i) The increase in sales of new automobiles of S\$7.36 million. This was mainly due to more Lamborghini models sold. 15 new Lamborghini automobiles were sold in 1HFY2016 compared to 4 new Lamborghini automobiles in 1HFY2015. The increase in sales of new automobiles was mainly due to more competitive selling price of new Lamborghini automobiles, new leasing program with the Finance Company and attractive trade-in package.
  - (ii) The increase in sales of pre-owned automobiles of S\$7.54 million was mainly contributed by the subsidiary which deals mainly in the sale of pre-owned automobiles and provision of after-sales services. The increase in sale of pre-owned automobiles sold in 1HFY2016 (being 29 pre-owned automobiles), as compared to 12 pre-owned automobiles sold in 1HFY2015.
- (b) The increase of sales of deLaCour watches is approximately S\$0.64 million or 89.0% from S\$0.71 million in 1HFY2015 to S\$1.35 million in 1HFY2016. The increase was due to the number of watches sold are higher by approximately 46% as compared to previous period following the opening of deLaCour Boutique at Wisma Atria in December 2014.
- (c) The increase of revenue from provision of after-sales services is approximately S\$0.69 million or 28.2%, from S\$2.47 million in 1HFY2015 to S\$3.16 million in 1HFY2016. Approximately 94% of the increase was contributed by the new subsidiary acquired in August 2014 which reported 2 months of revenue in 1HFY2015 as compared to 6 months in 1HFY2016.

**Cost of Sales**

Cost of sales increased by approximately S\$14.06 million or 103.9%, from S\$13.53 million in 1HFY2015 to S\$27.59 million in 1HFY2016. The increase was mainly due to increase in purchases of S\$13.25 million as a result of higher number of new and pre-owned automobiles sold in 1HFY2016 as compared to 1HFY2015.

**Gross Profit and Gross Profit Margin**

Gross profit increased by approximately S\$2.17 million or 95.6% from S\$2.27 million in 1HFY2015 to S\$4.44 million in 1HFY2016. Gross profit margin decreased from 14.4% in 1HFY2015 to 13.9% in 1HFY2016 mainly due to the decrease in gross profit margin from sales of new automobiles from 23.0% in 1HFY2015 to 18.9% in 1HFY2016 which was offset by an improvement in gross loss margin from sales of pre-owned automobiles from (10.0%) in 1HFY2015 to (1.1%) in 1HFY2016.

**Other Income**

Other income increased by approximately S\$1.37 million or 46.6%, from S\$2.94 million in 1HFY2015 to S\$4.31 million in 1HFY2016. The increase was mainly due to increase in commission income of S\$0.62 million, increase in rental income of S\$0.20 million and other income of S\$0.53 million mainly arising from registration of X30 Challenge event.

### **Interest Income**

Interest income increased by approximately S\$0.05 million or 149.7%, from approximately S\$0.03 million in 1HFY2015 to S\$0.08 million in 1HFY2016 mainly due to interest earned from fixed deposits.

### **Other Credits and Charges**

Other credit increased by approximately S\$0.08 million from a charge of approximately S\$0.02 million in 1HFY2015 to a credit of approximately S\$0.06 million in 1HFY2016. The increase was mainly due to:

- (i) foreign exchange gain increased by S\$0.07 million; and
- (ii) gain on disposal of property, plant and equipment of S\$0.01 million as compared to a loss of S\$0.01 million in 1HFY2015.

### **Marketing and Distribution Expenses**

Marketing and distribution expenses increased by approximately S\$0.22 million or 12.7%, from S\$1.72 million in 1HFY2015 to S\$1.94 million in 1HFY2016. The increase was mainly due to higher sales commission expense incurred which was in line with the increase in revenue. Sales commission expense stood at S\$0.31 million in 1HFY2016 as compared to S\$0.09 million in 1HFY2015.

### **Administrative Expenses**

Administrative expenses increased by approximately S\$1.58 million or 24.0% from S\$6.58 million in 1HFY2015 to S\$8.16 million in 1HFY2016. The increase was mainly due to:

- (i) an increase in property tax of S\$0.20 million due to upwards revision of assessment; and
- (ii) an increase in employee benefits expenses of S\$0.67 million due to an increase in headcounts as well as accruals for bonus; and
- (iii) an increase in rental expense of S\$0.41 million mainly due to opening of deLaCour Boutique at Wisma Atria in December 2014; and
- (iv) an increase in depreciation expense of S\$0.20 million arising mainly from additions during 1HFY2016 as well as full six months depreciation for property, plant and equipment acquired near end of 1HFY2015.

### **Finance Costs**

Finance costs increased by approximately S\$0.33 million or 458.7% from S\$0.07 million in 1HFY2015 to S\$0.40 million in 1HFY2016, mainly due to an increase in the level of bank borrowings during 1HFY2016

### **Income Tax Expense**

Income tax expense stood at S\$Nil due to losses incurred in 1HFY2016. The S\$0.02 million in 1HFY2015 was pertaining to under adjustments to tax in respect of prior periods.

### **Loss, Net of Tax**

As a result of the above, we record a loss after tax of S\$1.60 million in 1HFY2016, as compared to loss after tax of S\$3.17 million in 1HFY2015. The net loss after tax attributable to owners of the Company in 1HFY2016 and 1HFY2015 amounted to S\$1.66 million and S\$3.13 million respectively.

## **(b) Review of Group's Financial Position**

### **Non-Current Assets**

Non-current assets decreased by S\$0.38 million from S\$23.68 million as at 31 March 2015 to S\$23.30 million as at 30 September 2015. This was mainly due to decrease in other assets of S\$0.26 million relating to the amortisation of the long-term portion of the upfront land premium paid in the sales and leaseback arrangement and decrease in property, plant and equipment of S\$0.12 million.

### **Current Assets**

Current assets increased by S\$16.41 million from S\$48.47 million as at 31 March 2015 to S\$64.88 million as at 30 September 2015. The increase in current assets was mainly due to:

- (i) Increase in trade and other receivables of S\$2.05 million mainly due to balances from automobile customers; and
- (ii) Increase in inventories of S\$13.95 million mainly due to increase in inventories of new automobiles and pre-owned automobiles of S\$6.67 million and S\$6.53 million respectively; and
- (iii) Increase in other assets of S\$1.35 million mainly due to increase in deposit payment relating to a Touring Berlinetta Lusso and a limited edition Lamborghini Aventador of S\$0.60 million and S\$0.88 million respectively offset by a decrease in deposit of S\$0.13 million to supplier following a settlement of payable.

The increase in current assets was offset by decrease in cash and cash equivalents of S\$0.94 million.

### **Equity**

Equity comprises share capital, retained earnings and non-controlling interest. The decrease in equity of S\$1.60 million was due to loss for the period of S\$1.66 million, which was offset by an increase in non-controlling interest of S\$0.06 million arising from a subsidiary.

### **Non-Current Liabilities**

Non-current liabilities decreased by S\$1.89 million from S\$23.51 million as at 31 March 2015 to S\$21.62 million as at 30 September 2015. The decrease was mainly due to:

- (i) Decrease in non-current financial liabilities of S\$0.22 million. Non-current liabilities decreased mainly due to repayment of term loan of S\$0.54 million for the financing of the Group's leasehold properties at Chang Charn Road offset by increase in hire-purchase finance leases relating to the Group's automobiles of S\$0.32 million; and
- (ii) Decrease in non-current other liabilities of S\$1.67 million. Non-current other liabilities comprises long-term portion of the deferred income recognised under the sales and leaseback arrangement.

### **Current Liabilities**

Current liabilities increased by S\$19.52 million from S\$23.58 million as at 31 March 2015 to S\$43.10 million as at 30 September 2015 mainly due to:

- (i) Increase in trade and other payables of S\$1.82 million; The increase was mainly due to more purchases of pre-owned automobiles as compared to last reporting period; and
- (ii) Increase in financial liabilities of S\$15.23 million arising mainly from increases in short-term bank borrowings of S\$15.00 million; and
- (iii) Increase in other liabilities of S\$2.47 million mainly due to an increase of S\$2.39 million of deposit received.

**Review of Group's Cash Flows**

In 1HFY2016, the net cash used in operating activities amounted to S\$14.24 million. This comprises negative operating cash flows before changes in working capital of S\$1.74 million, adjusted by net working capital outflow of S\$12.50 million. The net working capital outflow was mainly due to increases in inventories of S\$13.38 million, trade and other receivables of S\$2.05 million and other assets of S\$1.35 million, which was offset by decreases in other liabilities of S\$2.47 million and trade and other payables of S\$1.81 million.

Net cash used in investing activities amounted to S\$0.09 million in 1HFY2016. This was mainly due to the purchases of property, plant and equipment of S\$0.29 million, which was offset by an aggregate amount of S\$0.20 million arising from disposal of property, plant and equipment and interest received.

Net cash from financing activities amounted to S\$13.40 million in 1HFY2016. This was mainly due to increase in financial liabilities of S\$14.46 million which was offset by finance lease repayment of S\$0.66 million and interest paid of S\$0.40 million.

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

Despite the Group's expectation of intense competition in the matured Singapore market as well as the strict government policies that affect the affordability of automobile ownership, the Group managed to cut down losses by S\$1.57 million from S\$3.17 million in 1HFY2015 to S\$1.60 million in 1HFY2016.

As part of the Group's brand building activities, the Group is on track to open a new Lamborghini display and retail store at Suntec City Mall by end of 2015, which was in line with what was disclosed in Section 10 of the Company's results announcement released on 26 May 2015.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects the next 12 months to remain challenging due to intense competition among automobile distributors in the mature but small Singapore market. In addition, automobile ownership is highly regulated in Singapore and market demand will be affected should the Singapore government impose policies that could adversely affect the affordability of automobile ownership, for example, increase vehicle registration fees and financing restrictions.

Besides the opening of Lamborghini display and retail store as mentioned in Section 9 above, two new variants of the Lamborghini model Huracán will also be launched before end of 2015. In view of the launching of both retail store and new Huracán variants, the Group's sales are expected to increase in second half of FY2016.

**11. If a decision regarding dividend has been made: (a) Whether an interim (final) ordinary dividend has been declared (recommended); (b) (i) Amount per share, cents (ii) Previous corresponding period, cents; (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

**(a) Dividend Declared (Recommended) for the Current Financial Period Reported On**

None.

**(b) Dividend Declared (Recommended) for Corresponding Period of the Immediately Preceding Financial Year**

Tax exempt one-tier first and final dividend of 2.8 cents per ordinary share paid on 19 August 2014.

**(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 (recommended).

**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 Company has not obtained an IPT mandate.

**14. Confirmation pursuant to the Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to their attention which may render financial results for the half-year ended 30 September 2015 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 has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

**16. Use of Proceeds**

In accordance with the section entitled "Use of Proceeds and Listing Expenses" in the Offer Document, and as at 30 September 2015, the Company wishes to announce that the net proceeds of approximately S\$8.46 million have been utilised as follows:

	<b>Amount allocated as stated in the Offer Document (S\$' million)</b>	<b>Amount utilised as at 30 September 2015 (S\$' million)</b>	<b>Balance of net proceeds as at 30 September 2015 (S\$' million)</b>
Expansion of our operations locally and in other markets and diversification into other luxury lifestyle business	6.00	1.50 <sup>(1)</sup>	4.50
General working capital	2.46	2.46 <sup>(2)</sup>	-
	<b>8.46</b>	<b>3.96</b>	<b>4.50</b>

Notes:

- (1) The amount of S\$1.50 million for expansion of our operations locally was utilised in the acquisition of a subsidiary.
- (2) The amount of S\$2.46 million deployed for general working capital includes the purchase of inventories and operating expenses.

**By Order of the Board  
EuroSports Global Limited**

**Melvin Goh  
Chief Executive Officer**

**29 October 2015**