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 2019

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/
	31-Mar-19	31-Mar-18	(Decrease)
	S$'000	S$'000	%
Revenue	1,857	6,916	(73)
Other item of income	-		
Other income	62	433	(86)
Items of expense			
Consumables used	(895)	(4,389)	(80)
Consumables sold	-	(90)	(100)
Employee benefits expense	(1,104)	(3,142)	(65)
Operating lease expenses	(256)	(415)	(38)
Depreciation expense	(864)	(874)	(1)
Other expenses	(1,218)	(2,444)	(50)
Finance costs	(1,034)	(763)	36
Loss before income tax	**(3,452)**	**(4,768)**	(28)
Income tax expense	-	64	(100)
Loss for the financial year	**(3,452)**	**(4,704)**	(27)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference on translating foreign operation	84	(176)	(148)
Loss for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company	**(3,368)**	**(4,880)**	(31)
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	**(1.86)**	**(3.73)**	(50)

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-19	31-Mar-18
	S$'000	S$'000
Sale of consumables	19	356
Government grant	14	31
Miscellaneous income	29	46
Total	**62**	**433**

Note 2: Employee benefits expense

	The Group	
	Half year ended	
	31-Mar-19	31-Mar-18
	S$'000	S$'000
Directors' remuneration	72	608
Employee Compensation costs	1,032	2,534
Total	**1,104**	**3,142**

Note 3: Other expenses

	The Group	
	Half year ended	
	31-Mar-19	31-Mar-18
	S$'000	S$'000
General administration and production costs	625	1,925
Professional fees and consultation expenses	593	519
Total	**1,218**	**2,444**

Note 4: Income tax (benefit)/expense

	The Group	
	Financial Period Ended	
	31-Mar-19	31-Mar-18
Income tax (benefit)/expense	**S$'000**	**S$'000**
Current taxation		
Provision for current year	-	-
Under/(Over) provision in respect of prior year	-	(64)
Deferred taxation		
Current financial year	-	-
Under/(Over) provision in respect of prior year	-	-
Total	**-**	**(64)**

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-19	30-Sep-18	31-Mar-19	30-Sep-18
ASSETS	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Non-current assets				
Subsidiaries	-	-	9,189	9,189
Property, plant and equipment	15,661	16,553	4	5
Deferred tax assets	988	988	-	-
Total non-current assets	**16,649**	**17,541**	**9,193**	**9,194**
Current assets				
Trade and other receivables	1,994	1,218	17,602	12,287
Inventories	1,626	949	-	-
Prepayments	204	87	45	22
Pledged fixed deposit	338	338	-	-
Other cash and bank balances	67	77	9	2
Tax recoverable	73	73	-	-
Total current assets	**4,302**	**2,742**	**17,656**	**12,311**
Total assets	**20,951**	**20,283**	**26,849**	**21,505**
EQUITY AND LIABILITIES				
Equity				
Share capital	14,588	13,453	14,588	13,453
Other reserve	(2,565)	(2,565)	-	-
Accumulated profits/(losses)	(17,923)	(14,745)	(1,420)	(1,713)
Translation reserve	92	23	-	-
Non-controlling interests	(1,497)	(1,238)	-	-
Total equity attributable to owners of the Company	**(7,305)**	**(5,072)**	**13,168**	**11,740**
Non-current liabilities				
Finance lease payables	310	412	-	-
Borrowings	9,093	1,115	6,393	-
Other payables	9,726	-	-	-
Deferred tax liabilities	129	129	-	-
Total non-current liabilities	**19,258**	**1,656**	**6,393**	**-**
Current liabilities				
Trade and other payables	5,048	11,132	7,239	9,412
Provision for reinstatement cost	100	100	-	-
Finance lease payables	620	510	-	-
Borrowings	3,230	11,957	50	353
Total current liabilities	**8,998**	**23,699**	**7,289**	**9,765**
Total liabilities	**28,256**	**25,355**	**13,682**	**9,765**
Total equity and liabilities	**20,951**	**20,283**	**26,849**	**21,505**

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 2019		As at 30 Sep 2018	
	S$'000	S$'000	S$'000	S$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	3,230	-	11,957	-
Amount repayable after one year	9,093	-	1,115	-
	12,323	**-**	**13,072**	**-**

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-19	31-Mar-18
	S$'000	S$'000
Operating activities		
(Loss)/Profit before income tax	(3,452)	(4,768)
Adjustments for:		
Depreciation expense	864	874
Interest expense	1,034	611
Interest income	-	(58)
Allowance for impairment of receivables	24	71
Unrealised currency translation (gain)/loss	84	(148)
Operating cash flows before movements in working capital	**(1,446)**	**(3,418)**
Movements in working capital		
Inventories	(677)	1,112
Trade and other receivables	(800)	584
Prepayments and deposits	(117)	(975)
Trade and other payables	275	(171)
Cash (used in)/generated from operations	**(2,765)**	**(2,868)**
Income taxes paid	-	(57)
Net cash (used in)/generated from operating activities	**(2,765)**	**(2,925)**
Investing activities		
Disposal/(acquisition) of property, plant and equipment	28	(22)
Interest income received	-	58
Net cash used in investing activities	**28**	**36**
Financing activities		
Interest paid	(1,034)	(611)
Placement of new ordinary shares	1,135	-
Proceeds from loans	3,265	-
Proceeds from borrowings	-	7,977
Repayment of borrowings	(647)	(3,638)
Increase/(decrease) in finance lease obligations	8	(626)
Decrease in pledged deposit	-	49
Net cash generated from financing activities	**2,727**	**3,151**
Net increase/(decrease) in cash and cash equivalents	**(10)**	**262**
Cash and cash equivalents at beginning of period	77	338
Cash and cash equivalents at end of period	**67**	**600**

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 profits / (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 2017	**13,453**	**(2,205)**	**(2,565)**	**113**	**8,796**	**1,670**	**10,466**
Profit for the half year, representing total comprehensive income for the half year	-	(4,402)		(65)	(4,467)	(1,560)	**(6,027)**
Balance at 31 March 2018	**13,453**	**(6,607)**	**(2,565)**	**48**	**4,329**	**110**	**4,439**
Balance at 1 October 2018	**13,453**	**(14,745)**	**(2,565)**	**23**	**(3,834)**	**(1,238)**	**(5,072)**
Placement of new shares	1,135	**-**	**-**	**-**	**1,135**	**-**	**1,135**
Profit for the half year, representing total comprehensive income for the half year	-	(3,178)	-	69	(3,109)	(259)	**(3,368)**
Balance at 31 March 2019	**14,588**	**(17,923)**	**(2,565)**	**92**	**(5,808)**	**(1,497)**	**(7.305)**

	The Company						
	Share Capital	Accumulated profits/ (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 2017	**13,453**	**(1,286)**	**-**	**-**	**12,167**	**-**	**12,167**
Profit for the half year, representing total comprehensive income for the half year	-	(503)	-	-	**(503)**	-	**(503)**
Balance at 31 March 2018	**13,453**	**(1,789)**	**-**	**-**	**11,664**	**-**	**11,664**
Balance at 1 October 2018	**13,453**	**(1,713)**	**-**	**-**	**11,740**	-	**11,740**
Placement of new shares	1,135	-	-	-	1,135	-	1,135
Profit for the half year, representing total comprehensive income for the half year	-	293	-	-	**293**	-	**293**
Balance at 31 March 2019	**14,588**	**(1,420)**	**-**	**-**	**13,168**	**-**	**13,168**

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 2019	As at 30 Sep 2018
Number of Shares	185,946,440	125,946,440
Share Capital S$ '000	14,588	13,453

On 3 December 2018, the Company issued and allotted 60,000,000 new ordinary shares pursuant to the subscription agreements entered into with four (4) individuals dated 26 October 2018 (the "**Placement**"). These shares have been listed and quoted on the Catalist of the SGX-ST on 5 December 2018.

Accordingly, the total number of issued shares excluding treasury shares as at 31 March 2019 is 185,946,440.

As at 30 September 2018 and 31 March 2019, the Company has no outstanding convertible, 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 2019	As at 30 Sep 2018
Number of Issued Shares excluding treasury shares	185,946,440	125,946,440

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 2018.

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 all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 October 2018, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting period.

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-19	31-Mar-18
(Loss)/Profit used in calculating basic and dilutive EPS (S$' 000)	(3,452)	(4,704)
Weighted average number of ordinary shares	165,177,209	125,946,440
Basic and diluted EPS (cents)	**(2.09)**	**(3.73)**

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-19	30-Sep-18	31-Mar-19	30-Sep-18
NAV (S$' 000)	(7,305)	(5,072)	13,168	11,740
Number of Ordinary shares	185,946,440	125,946,440	185,946,440	125,946,440
Net asset value per ordinary share based on issued share capital (cents)	(3.93)	(4.03)	7.08	9.32

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

Revenue for the Group in 1H2019 was S$1.9 million, a decline of approximately S$5.0 million when compared to the revenue in 1H2018 of S$6.9 million. The replacement of the zinc kettle coupled with the shortage of zinc supplies from the market had continued to slow production work rate and caused production work disruptions. This resulted in overall lower production levels which in turn affected the revenue generated during the period.

Other items of income

Other income fell from S$433,000 to $62,000 mainly due to the reduction in the sale of consumables as a result of the lower production rate during the period.

Consumables used

Consumables used in 1H2019 had declined by S$3.5 million from S$4.4 million in 1H2018 to S$895,000 in 1H2019 due to the lower sales during the period.

Employee benefits expense

Employee benefits expense, comprising directors' remuneration and staff-related expenses, was reduced from S$3.1 million in 1H2018 to S$1.1 million in 1H2019, a reduction of S$2.1 million or 66%, mainly coming from the cost cutting initiatives put in place by management to turn around the business.

Operating lease expenses

Operating lease expenses, which comprise mainly machinery, factory rental and office equipment rental for use in our operations, was reduced from S$415,000 in 1H2018 to S$256,000 in 1H2019, a reduction of S$159,000 during the period.

Depreciation expense

Depreciation expenses remained comparable with that of the previous period.

Other expenses

In other expenses, general administration and production costs were reduced from S$1.9 million in 1H2018 to S$625,000 in 1H2019, a reduction of S$1.3 million due mainly to the cost cutting measures. Professional fees and consultation expenses increased slightly from S$519,000 in 1H2018 to S$593,000 mainly due to the negotiations and preparations of the revised loan agreement with the institutional lenders.

Finance costs

Finance costs increased by S$271,000 from S$763,000 in 1H2018 to S$1.0 million in 1H2019. This increase was mainly due to the revised loan agreement entered into with the institutional lenders, which resulted in the extinguishment of the previous loans, and which subsequently replaced the previous loans with a new one. The de-recognition of the old loans and the subsequent recognition of the new loan were adjusted into finance costs.

REVIEW OF FINANCIAL POSITION AS AT 31 March 2019

Non-current assets

Non-current assets were reduced slightly from S$17.5 million to S$16.6 million mainly due the depreciation of fixed assets.

Current assets

Current assets increased by S$1.6 million from S$2.7 million to S$4.3 million. These were due to increases in trade and other receivables by S$776,000 and in inventories by S$677,000.

Equity

Equity comprises share capital, other reserve, translation reserve, accumulated profits/(losses) and non-controlling interests. Share capital increased from S$13.5 million to S$14.6 million as a result of the placement of 60,000,000 new ordinary shares in the Company in October 2018.

Liabilities

Total liabilities increased by S$2.9 million from S$25.4 million to S$28.3 million. This is due to the increase in total borrowings and finance leases.

As a result of the revised loan agreement entered into with the institutional lenders, the loan repayments have been extended and some balances have been reclassified to become non-current. Due to the reclassification of borrowings, payables and finance leases from current to non-current, non-current liabilities increased by S$17.6 million from S$1.7 million to S$19.3 million. Consequently, current liabilities were reduced by S$14.7 million from S$23.7 million down to S$9.0 million.

REVIEW OF STATEMENTS OF CASH FLOWS

In 1H2019, net cash outflows from operating activities amounted to S$2.8 million. This cash outflows were offset by positive inflows from financing activities of S$2.7 million; proceeds of which came mainly from the placement of new shares of S$1.1 million and from loans received of S$3.3 million. At the end of the relevant period, the cash and cash equivalents balance was S$67,000.

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, corporate and institutional lenders.

As previously disclosed in the Group's Annual Report for FY2018, the Company has obtained S$3.0 million in facilities from third party individuals to be drawn for specific uses, including to finance general working capital, and which are repayable on demand. As of the date of this announcement, the Company has already drawn down S$743,000 from these facilities.

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

Zinc prices are projected to fall in 2019 on moderating demand and new ore production coming on stream from, amongst others, Australia, Canada, and South Africa. This outlook is however subject to upside risk from the possibility of tighter-than expected environmental policy in China constraining smelter capacity. [1]

Barring unforeseen circumstances, the falling zinc price is expected to benefit the Company and its business operations.

11 Dividend

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on?

Not applicable.

[1] The World Bank Group: Commodity Prices Outlook April 2019

(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

The Company has reviewed its dividend payment and no dividend has been declared or recommended by the Board of Directors in respect of the half-year financial period ended 31 March 2019, 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 not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative confirmations by Directors pursuant to Rule 705(5)

We, Ang Nam Wah Albert and Ang Nam Heng James, being the Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company ("the Board") 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 March 2018 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

Albert Ang
Executive Director and Chief Executive Officer
15 May 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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.