

**AMOS GROUP LIMITED**  
(Company Registration Number: 201004068M)

**UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**CONSOLIDATED INCOME STATEMENT**

	Group 2nd Qtr Ended		Incr/ (decr) %	Group 6 Months Ended		Incr/ (decr) %
	30/09/2019 S\$'000	30/09/2018 S\$'000		30/09/2019 S\$'000	30/09/2018 S\$'000	
<b>Revenue</b>	<b>33,593</b>	<b>32,635</b>	2.9	<b>66,748</b>	<b>64,590</b>	3.3
Cost of sales	(27,553)	(28,223)	(2.4)	(53,924)	(53,497)	0.8
<b>Gross profit</b>	<b>6,040</b>	<b>4,412</b>	36.9	<b>12,824</b>	<b>11,093</b>	15.6
Distribution costs	(3,137)	(2,651)	18.3	(6,121)	(5,419)	13.0
Administrative cost	(6,550)	(6,563)	(0.2)	(14,476)	(12,294)	17.7
Other Operating income (expenses)	3,463	(146)	NM	2,604	399	552.6
Finance cost	(559)	(527)	6.1	(1,159)	(1,022)	13.4
<b>Loss before income tax</b>	<b>(743)</b>	<b>(5,475)</b>	(86.4)	<b>(6,328)</b>	<b>(7,243)</b>	(12.6)
Income tax	5	(17)	NM	(1)	14	NM
<b>Loss for the period</b>	<b>(738)</b>	<b>(5,492)</b>	(86.6)	<b>(6,329)</b>	<b>(7,229)</b>	(12.4)
Loss attributable to:						
Owners of the Company	(698)	(5,480)	(87.3)	(6,245)	(7,165)	(12.8)
Non-controlling interests	(40)	(12)	233.3	(84)	(64)	31.3
	<b>(738)</b>	<b>(5,492)</b>	(86.6)	<b>(6,329)</b>	<b>(7,229)</b>	(12.4)
Gross profit margin	18.0%	13.5%	33.0	19.2%	17.2%	11.9
Net loss margin	-2.2%	-16.8%	(86.9)	-9.5%	-11.2%	(15.3)
EBITDA <sup>(1)</sup> (S\$'000)	(1,428)	(3,378)	(57.7)	(3,309)	(3,750)	(11.8)
EBITDA margin	-4.3%	-10.4%	(58.9)	-5.0%	-5.8%	(14.6)

<sup>(1)</sup> : Denotes earnings before finance cost, taxes, other operating income (expenses), depreciation and amortization

NM: Not meaningful

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Group			Group		
	30/09/2019	30/09/2018	Incr/ (decr)	30/09/2019	30/09/2018	Incr/ (decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Loss for the period</b>	<b>(738)</b>	<b>(5,492)</b>	<b>(86.6)</b>	<b>(6,329)</b>	<b>(7,229)</b>	<b>(12.4)</b>
Other comprehensive income						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Translation (loss) gain arising on consolidation	35	28	25.0	(169)	424	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>35</b>	<b>28</b>	<b>25.0</b>	<b>(169)</b>	<b>424</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>(703)</b>	<b>(5,464)</b>	<b>(87.1)</b>	<b>(6,498)</b>	<b>(6,805)</b>	<b>(4.5)</b>
Total comprehensive income attributable to:						
Owners of the Company	(660)	(5,452)	(87.9)	(6,412)	(6,741)	(4.9)
Non-controlling interests	(43)	(12)	258.3	(86)	(64)	34.4
	<b>(703)</b>	<b>(5,464)</b>	<b>(87.1)</b>	<b>(6,498)</b>	<b>(6,805)</b>	<b>(4.5)</b>

1(a)(ii) Loss before income tax is arrived at after charging/(crediting) the following:

	Group			Group		
	2nd Qtr Ended		Incr/	6 Months Ended		Incr/
	30/09/2019	30/09/2018	(decr)	30/09/2019	30/09/2018	(decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Acquisition and restructuring cost	1,088	74	NM	1,359	222	512.2
Depreciation	1,765	1,424	23.9	3,541	2,870	23.4
Depreciation– Right of use assets ("ROU")	454	-	NM	923	-	NM
Foreign exchange loss (gain)	(158)	247	NM	265	92	188.0
Interest expense	559	527	6.1	1,159	1,022	13.4
Loss (gain) on disposal of property, plant and equipment ("PPE")	67	(29)	NM	51	(624)	NM
Gain on disposal of assets held for sale	(4,392)	-	NM	(4,392)	-	NM

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

**STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	30/09/2019 S\$'000	31/03/2019 S\$'000	30/09/2019 S\$'000	31/03/2019 S\$'000
<b><u>ASSETS</u></b>				
Current assets				
Cash and bank balances	17,051	28,607	6,564	11,192
Trade receivables	34,532	32,512	590	1,745
Contract assets	2,838	3,465	-	334
Other receivables	4,372	4,540	906	769
Income tax receivables	49	34	-	-
Inventories	53,358	57,867	-	-
	<u>112,200</u>	<u>127,025</u>	<u>8,060</u>	<u>14,040</u>
Assets held for sale	8,294	8,556	-	-
Total current assets	<u>120,494</u>	<u>135,581</u>	<u>8,060</u>	<u>14,040</u>
Non-current assets				
Property, plant and equipment	74,633	75,816	139	227
Right of use assets	7,084	-	936	-
Club membership	27	27	-	-
Intangible assets	1,557	-	1,557	-
Goodwill	102	125	-	-
Deferred tax assets	100	101	-	-
Subsidiary	-	-	157,502	153,461
Associates	42	42	-	-
Total non-current assets	<u>83,545</u>	<u>76,111</u>	<u>160,134</u>	<u>153,688</u>
<b>Total assets</b>	<u>204,039</u>	<u>211,692</u>	<u>168,194</u>	<u>167,728</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	25,848	26,092	-	-
Contract liabilities	697	394	-	-
Other payables	12,639	10,554	2,045	911
Provision	408	408	-	-
Current portion of bank borrowings	11,778	11,363	-	-
Current portion of lease liabilities	1,616	144	440	-
Income tax payable	16	-	-	-
Total current liabilities	<u>53,002</u>	<u>48,955</u>	<u>2,485</u>	<u>911</u>

**STATEMENTS OF FINANCIAL POSITION - continued**

	Group		Company	
	30/09/2019 S\$'000	31/03/2019 S\$'000	30/09/2019 S\$'000	31/03/2019 S\$'000
Non-current liabilities				
Bank borrowings	28,559	39,326	-	-
Lease liabilities	5,664	89	529	
Deferred tax liabilities	52	62	-	9
Total non-current liabilities	<u>34,275</u>	<u>39,477</u>	<u>529</u>	<u>9</u>
Total liabilities	<u>87,277</u>	<u>88,432</u>	<u>3,014</u>	<u>920</u>
<b>Net assets</b>	<u>116,762</u>	<u>123,260</u>	<u>165,180</u>	<u>166,808</u>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	166,256	166,256	166,256	166,256
(Accumulated losses) / Retained earnings	(50,975)	(44,730)	(1,076)	552
Translation reserve	900	1,067	-	-
Other reserve	598	598	-	-
Equity attributable to owners of the Company	<u>116,779</u>	<u>123,191</u>	<u>165,180</u>	<u>166,808</u>
Non-controlling interests	(17)	69	-	-
Total equity	<u>116,762</u>	<u>123,260</u>	<u>165,180</u>	<u>166,808</u>
Total liabilities and equity	<u>204,039</u>	<u>211,692</u>	<u>168,194</u>	<u>167,728</u>

1(b)(ii) In relation to the aggregate amount of 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

**Amount repayable in one year or less, or on demand**

	30/09/2019		31/03/2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	1,208	-	1,516	-
Short terms loan	9,500	-	9,500	-
Bank bill payable	-	67	-	-
Lease liabilities	1,616	-	144	-
Overdrafts	-	1,003	-	347
	<u>12,324</u>	<u>1,070</u>	<u>11,160</u>	<u>347</u>

**Amount repayable after one year**

Term loans	28,559	-	39,326	-
Lease liabilities	5,664	-	89	-
	<u>34,223</u>	<u>-</u>	<u>39,415</u>	<u>-</u>

**Details of any collaterals**

Certain bank borrowings are secured by a legal mortgage over the Group's freehold & leasehold land and buildings, certain plant and machinery, a floating charge over certain inventories of the Group.

The expected proceeds from the sale of assets classified as held for sale will be contractually required to be utilized to repay S\$20.5 million term loans. As at 30 September 2019, the Group has repaid S\$4.7 of the term loan out of the proceeds from the sale of asset held for sales.

Certain lease liabilities are secured by charges over the leased assets.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Group 2nd Qtr Ended		Group 6 Months Ended	
	30/09/2019 S\$'000	30/09/2018 S\$'000	30/09/2019 S\$'000	30/09/2018 S\$'000
<b>Operating activities</b>				
Loss before income tax	(743)	(5,475)	(6,328)	(7,243)
Adjustments for:				
Interest expense	559	527	1,159	1,022
Interest income	(13)	(1)	(16)	(9)
Depreciation	1,765	1,424	3,541	2,870
Depreciation – ROU	454	-	923	-
Allowance for doubtful trade receivables	(48)	137	(28)	152
Trade receivables written off	-	57	-	57
Loss (gain) on disposal of plant and equipment	67	(29)	51	(624)
Gain on disposal of assets held for sale	(4,392)	-	(4,392)	-
Net foreign exchange (gain) loss - unrealized	(32)	(435)	(247)	(310)
Operating cash flows before movements in working capital	(2,383)	(3,795)	(5,337)	(4,085)
Trade receivables	1,601	1,171	(1,937)	(2,942)
Contract assets	417	(24)	632	(1,647)
Other receivables	2,101	290	824	4,403
Inventories	3,079	6,139	4,550	8,138
Trade payables	(1,638)	(50)	2,868	(440)
Contract liabilities	416	(337)	299	316
Other payables	634	(1,180)	933	(12,038)
Provision	-	(262)	-	(494)
Bank bills payable	67	(1,482)	67	(6,216)
Cash generated from (used in) operations	4,294	470	2,899	(15,005)
Interest paid for bank bills	-	(16)	(3)	(59)
Interest received	13	1	16	9
Income tax paid	(38)	(48)	(10)	(288)
Net cash generated from (used in) operating activities	4,269	407	2,902	(15,343)
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	224	59	253	751
Purchases of plant and equipment	(2,198)	(1,317)	(6,580)	(2,253)
Proceed of sales of assets classified as held for sale	4,653	-	4,653	-
Additions to intangible assets	(192)	-	(377)	-
Net cash generated from (used in) from investing activities	2,487	(1,258)	(2,051)	(1,502)

**CONSOLIDATED STATEMENT OF CASH FLOWS - continued**

	Group 2nd Qtr Ended		Group 6 Months Ended	
	30/09/2019 S\$'000	30/09/2018 S\$'000	30/09/2019 S\$'000	30/09/2018 S\$'000
<b>Financing activities</b>				
Fixed deposits pledged	(102)	-	(102)	-
Repayments of loan from third party	-	-	-	(2,000)
Repayments of other payables	-	1,400	-	-
Interest paid for other borrowings	(515)	(525)	(1,112)	(1,111)
Repayment of obligations under leased liabilities	(441)	(217)	(928)	(409)
Repayment of bank loans	(7,511)	(5,589)	(11,060)	(9,060)
Restricted cash at bank	(2,042)	(901)	(1,742)	(1,504)
Net cash used in financing activities	<u>(10,611)</u>	<u>(5,832)</u>	<u>(14,944)</u>	<u>(14,084)</u>
Net decrease in cash and cash equivalents	(3,855)	(6,683)	(14,093)	(30,929)
Effect of exchange rate changes on cash and cash equivalents	48	22	38	59
Cash and cash equivalents at beginning of the period	16,404	47,001	26,652	71,210
Cash and cash equivalents at end of the period	<u>12,597</u>	<u>40,340</u>	<u>12,597</u>	<u>40,340</u>
Cash and cash equivalents comprise the following:				
Cash and bank balances	17,051	41,844	17,051	41,844
Fixed deposit	(892)	-	(892)	-
Restricted cash at bank	(2,559)	(1,504)	(2,559)	(1,504)
Bank overdraft	(1,003)	-	(1,003)	-
	<u>12,597</u>	<u>40,340</u>	<u>12,597</u>	<u>40,340</u>



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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital S\$'000	(Accumulated losses) Retained earnings S\$'000	Translation reserve S\$'000	Other reserves		Attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
				Merger reserves S\$'000	Revaluation reserves S\$'000			
<b>Group</b>								
At 1 April 2019	166,256	(44,730)	1,067	(19,769)	20,367	123,191	69	123,260
Total comprehensive income for the period								
Loss for the period	-	(6,245)	-	-	-	(6,245)	(84)	(6,329)
Other comprehensive income for the period	-	-	(167)	-	-	(167)	(2)	(169)
<b>Total</b>	<b>-</b>	<b>(6,245)</b>	<b>(167)</b>	<b>-</b>	<b>-</b>	<b>(6,412)</b>	<b>(86)</b>	<b>(6,498)</b>
At 30 September 2019	166,256	(50,975)	900	(19,769)	20,367	116,779	(17)	116,762
1 April 2018	166,302	(10,189)	691	(19,769)	-	137,035	83	137,118
Total comprehensive income for the period								
Loss for the period	-	(7,165)	-	-	-	(7,165)	(64)	(7,229)
Other comprehensive income for the period	-	-	424	-	-	424	-	424
<b>Total</b>	<b>-</b>	<b>(7,165)</b>	<b>424</b>	<b>-</b>	<b>-</b>	<b>(6,741)</b>	<b>(64)</b>	<b>(6,805)</b>
At 30 September 2018	166,302	(17,354)	1,115	(19,769)	-	130,294	19	130,313
<b>Company</b>								
At 1 April 2019	166,256	552	-	-	-	166,808	-	166,808
Loss for the period, representing total comprehensive income for the period	-	(1,628)	-	-	-	(1,628)	-	(1,628)
At 30 September 2019	166,256	(1,076)	-	-	-	165,180	-	165,180
At 1 April 2018	118,340	3,041	-	-	-	121,381	-	121,381
Loss for the period, representing total comprehensive income for the period	-	(1,086)	-	-	-	(1,086)	-	(1,086)
At 30 September 2018	118,340	1,955	-	-	-	120,295	-	120,295

**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**

There were no outstanding convertibles which may be converted to shares. There were no treasury shares and subsidiary holdings held.

**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**

	30/9/2019	31/03/2019
The total number of issued shares excluding treasury shares	2,597,374,250	2,597,374,250

**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 on**

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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

As at 30 September 2019, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

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

The figures have not been audited and/or reviewed by the auditors.

**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**

Except as disclosed in paragraph 5, the Group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 March 2019 as well as all the applicable Singapore Financial Reporting Standards ("FRSs") which became effective for the financial year beginning on or after 1 April 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 effect, of the change**

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2019. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

The Group has adopted a new accounting policy as follows:

**SFRS(I) 16 Leases**

SFRS(I) 16 Leases SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group recognizes its existing operating lease arrangements as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to its leases.

The Group has applied SFRS (I) 16 using the modified retrospective approach to recognize amounts of ROU assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of SFRS(I) 16. Accordingly, the comparative information presented for 2019 has not been restated – it is presented, as previously reported, under SFRS (I) 1- 17 and related interpretations.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

**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		Group	
	2nd Qtr Ended		6 Months Ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Net loss after attributable to owners of the Company (S\$'000)	(698)	(5,480)	(6,245)	(7,165)
Weighted average number of ordinary shares for calculation of ('000):				
- Basic earnings per share	2,597,374	2,597,374	2,597,374	2,597,374
- Diluted earnings per share	2,597,374	2,597,374	2,597,374	2,597,374
Earnings per share (“EPS”) (cents/share)				
(a) Based on weighted average number of ordinary shares	(0.03)	(0.21)	(0.24)	(0.28)
(b) On a fully diluted basis	(0.03)	(0.21)	(0.24)	(0.28)

The Company has no dilutive equity instruments as at 30 September 2019.

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**

	Group		Company	
	30/09/2019 S\$'000	31/03/2019 S\$'000	30/09/2019 S\$'000	31/03/2019 S\$'000
Net asset value attributable to shareholders of the Company (S\$'000)	116,779	123,191	165,180	166,808
Number of ordinary shares ('000)	2,597,374	2,597,374	2,597,374	2,597,374
Net asset value per ordinary share (cents)	4.50	4.74	6.36	6.42

## 8. Review of the Group's performance

### Revenue

	2nd Qtr Ended			6 Months Ended		
	30/09/2019	30/09/2018	Incr/ (decr)	30/09/2019	30/09/2018	Incr/ (decr)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Marine	16,822	19,734	(14.8)	34,808	38,549	(9.7)
Offshore	16,771	12,901	30.0	31,940	26,041	22.7
Total	33,593	32,635	2.9	66,748	64,590	3.3

#### HY FY2020 vs HY FY2019

For six months ended 30 September 2019 ("HY FY2020"), the Group's revenue was S\$66.7 million, representing an increase of S\$2.1 million or 3.3% compared to S\$64.6 million for the corresponding period ended 30 September 2018 ("HY FY2019"). The increase in revenue is due to an increase of S\$5.9 million in the Offshore segment and partially offset by a decrease of S\$3.7 million in the Marine Segment.

#### 2Q FY2020 vs 2Q FY2019

For second quarter ended 30 September 2019 ("2Q FY2020"), the Group's revenue was S\$33.6 million, representing an increase of S\$1.0 million or 2.9% compared to S\$32.6 million for the corresponding period ended 30 September 2018 ("2Q FY2019"). The increase in revenue is due to an increase of S\$3.9 million in the Offshore segment and partially offset by a decrease of S\$2.9 million in the Marine Segment.

### Gross profit

#### HY FY2020 vs HY FY2019

Gross profit shows a 15.6% increase of S\$1.7 million to S\$12.8 million in HY FY2020, compared to S\$11.1 million in HY FY2019. The corresponding gross profit margin also increased to 19.2% in HY FY2020, compared to 17.2% in HY FY2019.

#### 2Q FY2020 vs 2Q FY2019

Gross profit shows a 36.9% increase of S\$1.6 million to S\$6.0 million in 2Q FY2020, compared to S\$4.4 million in 2Q FY2019. The corresponding gross profit margin also increased to 18.0% in HY 2Q 2020, compared to 13.5% in 2Q FY2019.

### Distribution costs

#### HY FY2020 vs HY FY2019

Distribution costs in HY FY2020 increased by 13.0% to S\$6.1 million compared to S\$5.4 in HY FY 2019, to support the higher revenue base and volume in HY FY2020.

#### 2Q FY2020 vs 2Q FY2019

Distribution costs in 2Q FY2020 increased by 18.3% to S\$3.1 million compared to S\$2.6 in 2Q FY 2019, to support the higher revenue base and volume in 2Q FY2020.

### Administrative expenses

#### HY FY2020 vs HY FY2019

Administrative expenses in HY FY2020 increased by 17.7% to S\$14.5 million compared to S\$12.3 million in HY FY2019. This is primarily due to an increase in headcount and the corresponding staff related costs to support expected higher revenue base and volume. Another increase is the depreciation amount as a result from the revaluation of PPE.

#### 2Q FY2020 vs 2Q FY2019

Administrative expenses in 2Q FY2020 did not vary significantly from that of 2Q FY2019.

### **Other operating income (expenses)**

#### HY FY2020 vs HY FY2019

Other operating income in HY FY2020 increased by S\$2.2 million compared to S\$0.4 million in HY FY2019. The increase was mainly due to gain on disposal of assets held for sales of S\$4.4 million offset by the restructuring and non-recurring cost of S\$1.6 million.

#### 2Q FY2020 vs 2Q FY2019

2Q FY2020 shows other operating income of S\$3.5 million compared to S\$0.1 million of other operating expenses in 2Q FY2019. The other operating income was contributed by gain on disposal of assets held for sales of S\$4.4 million offset by the restructuring and non-recurring cost of 1.1 million.

### **Finance cost**

#### HY FY2020 vs HY FY2019

The Finance cost in HY FY2020 increased by 13.4% due to adoption of SFRS(I) 16 Leases.

#### 2Q FY2020 vs 2Q FY2019

The Finance cost in 2Q FY2020 increased by 6.1% due to adoption of SFRS(I) 16 Leases.

### **Loss before income tax**

As a result of the above reasons, the loss before income tax was S\$6.3 million for HY FY2020 and S\$0.7 million for 2Q FY2020.

## **Review of statement of financial position**

### **Current assets**

The current assets decreased by S\$15.1 million from S\$135.6 million as at 31 March 2019 to S\$120.5 million as at 30 September 2019. The decrease was mainly due to: (i) a decrease in cash and cash equivalents of S\$11.6 million for loan repayment and capital expenditure, and (ii) a decrease in inventories by S\$4.5 million due to inventories sales during the normal course of business, offset by an increase in trade receivables of S\$2.0 million.

### **Non-current assets**

The non-current assets increased by S\$7.4 million from S\$76.1 million as at 31 March 2019 to S\$83.5 million as at 30 September 2019. The increase is mainly due to: (i) S\$7.1 million resulting from the adoption of SFRS (I) 16 Leases on 1 April 2019, (ii) acquisition of intangible assets of S\$1.6 million relating to IT project and trademark, offset by the decrease in PPE of S\$1.2 million (the decrease in PPE mainly due to depreciation of S\$3.5 million and disposal of PPE of S\$0.3 offset by the additions of PPE of S\$ 2.6 million).

### **Current liabilities**

The current liabilities increased by S\$4.0 million from S\$49.0 million as at 31 March 2019 to S\$53.0 million as at 30 September 2019. The increase was mainly due to: (i) an increase in other payables of S\$2.1 million due to acquisition of intangible assets, and (ii) an increase in leased liabilities of S\$1.5 million from the adoption of SFRS(I) 16 Leases on 1 April 2019.

### **Non-current liabilities**

Non-current liabilities decreased by S\$5.2 million from S\$39.5 million as at 31 March 2019 to S\$34.3 million as at 30 September 2019. The decrease was mainly due to repayment of bank borrowings of S\$10.8 million, of which S\$4.7 are the proceeds from sale of asset held for sales, offset by an increase in leased liabilities of S\$5.6 million from the adoption of SFRS (I), 16 Leases on 1 April 2019.

### **Capital, reserves and non-controlling interests**

The decrease in shareholder's equity of S\$6.5 million was mainly due to a loss of S\$6.3 million during the period.

## **Review of statement of Cash Flows**

HY FY2020 ended 30 September 2019

### **Net cash from operating activities**

In HY FY2020, the Group had operating cash outflows of S\$5.3 million from operating activities before movements in working capital.

The Group's net working capital inflow amounted to S\$8.2 million, mainly due to: (i) a decrease in inventories by S\$4.6 million resulting from sales during the normal course of business, (ii) an increase in trade payables, other payables and contract liabilities of S\$4.1 million, (iii) a decrease in other receivables and contract assets of S\$1.5 million. These changes were offset by an increase in trade receivables of S\$1.9 million.

Overall, the Group's net cash from operating activities amounted to S\$2.9 million.

### **Net cash used in investing activities**

Net cash used in investing activities amounted to S\$2.1 million in HY FY2020 mainly due to the payment for purchase and construction of PPE of S\$6.6 million and acquisition of intangible assets of S\$0.4 million, offset by the proceed received from the disposal of assets held for sales of S\$4.7 million.

### **Net cash used in financing activities**

Net cash used in financing activities amounted to S\$14.9 million in HY FY2020. The cash were used for: (i) the repayment of bank borrowings and related interest of S\$12.2 million, (ii) leased liabilities and related interest of S\$0.9 million, offset by increase in restricted cash at bank of S\$1.7 million.

2Q FY2020 ended 30 September 2019

### **Net cash from operating activities**

In 2Q FY2020, the Group had operating cash outflows of S\$2.4 million from operating activities before movements in working capital.

The Group's net working capital inflow amounted to S\$6.7 million, mainly due to: (i) a decrease in inventories by S\$3.1 million resulting from sales during the normal course of business, (ii) a decrease in trade receivables, other receivables and contract assets of S\$4.1 million, and (iii) an increase in other payables and contract liabilities of S\$1.1 million. These changes were offset by a decrease in trade payables of S\$1.6 million.

Overall, the Group's net cash from operating activities amounted to S\$4.3 million.

### **Net cash from investing activities**

Net cash from investing activities amounted to S\$2.5 million in 2Q FY2020 mainly due to proceeds from sale of asset held for sale of S\$4.7 million; offset by the payment for purchase and construction of PPE of S\$2.2 million and acquisition of intangible assets of S\$0.2 million.

### **Net cash used in financing activities**

Net cash used in financing activities amounted to S\$10.6 million in 2Q FY2020. The cash were used for: (i) the repayment of bank borrowings and related interest of S\$8.0 million, (ii) increased in restricted cash at bank of S\$2.0 million, and leased liabilities and related interest of S\$0.4 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**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**

In 2Q FY2020, AMOS continued to grow its revenue despite challenging market conditions in both the Marine and Offshore industries. Group sales were up by 1.3% compared to the preceding 1Q FY2020 and 2.9% compared to last year's 2Q FY2019.

AMOS continues to focus on sales and expansion of market share leveraging on its network of fulfillment centers across Asia, the Middle East and Europe. On the Marine sector, AMOS won some new orders from a top global container liner and this account is expected to grow over the next few quarters. In addition, AMOS' in-house brand Alcona had also achieved a milestone success recently with the winning of a 3-year contract from a leading ship management company to supply personal protective equipment to their crews. While the oil & gas exploration and production sector remained subdued, there are increasing reports of investment globally on renewable energy and AMOS had just secured its first major contract to supply products and provide technical solutions to a wind farm project in Asia.

AMOS' global sourcing program to supply customers with quality products at competitive prices is also yielding results. The Group's gross profit margin in 2Q FY2020 had improved by S\$1.6 million, representing 4.5 percentage points increase compared to same quarter last year as a result of its continuous efforts to improve on suppliers and product quality management.

The general and administration expenses have also improved by 7% compared to 1Q FY2020, due to the restructuring and continuous cost optimization effort.

In May 2019, the Group announced the divestment of three under-utilized properties in Singapore and its plan to receive gross proceeds of S\$20.5 million in FY2020 with the proceeds to be used to pay down bank loans and improve the Group's capital structure. The Group has now successfully completed the divestment of "17 Joo Koon Way" in August 2019 and "66 Kian Teck Road" in October 2019. The funds received from the divestment of "17 Joo Koon Way" and the sale of inventory pledged to secure bank loans during the last six months had been used to reduce total bank loans by S\$10.3 million to a balance of S\$40.3 million as at 30 September 2019. The receipt from the divestment of "66 Kian Teck Road" will be used to pay down bank loans in November 2019. On 8 November 2019, AMOS has also completed a S\$25 million refinancing exercise with United Overseas Bank Limited for its headquarter facility at 156 Gul Circle in Singapore. The Group intends to use the loan for working capital and capital investment in key growth areas.

In its strive to generate positive cashflow, for the quarter ended 30 September 2019, the Group generated net cash of S\$4.3 million from its operating activities. This is a significant improvement compared to the negative operating cashflow in prior quarters.

In November 2019, the Group has also appointed Mr. Danny Lien and Mr. Desmond Teo as advisers to its CEO. With their vast experiences and network in the Marine and Offshore industries, the Board of AMOS believes that Mr. Lien and Mr. Teo would assist AMOS in establishing itself as a global leader in supplying products, services, and solutions to the marine and offshore customers. Mr. Danny Lien would continue to serve as a Non-Executive Director on the Board of AMOS in addition to his newly appointed role as adviser to CEO.



**11. Dividend**

**11(a) Any dividend declared for the current financial period reported on?**

Nil

**11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**11(c) Date payable**

Not applicable.

**11(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/ recommended, a statement to that effect**

No dividend has been declared as the Group has incurred a loss for the HY FY2020 ended 30 September 2019.

**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**

Not applicable as no IPT mandate has been obtained.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1) of the Listing Manual.

15. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

The Company would like to update that for the period from 1 April 2019 to 30 September 2019, further funds from the Net Proceeds have been utilized and the details are as depicted in table below:

Table showing utilization of Net Proceeds

Use of Net Proceeds	Revised Allocation of the Net Proceeds set out in the 23 May 2019 Announcement		Balance of Net Proceeds as at 31 March 2019	Net Proceeds utilized from 1 April 2019 to 30 September 2019	Balance of Net Proceeds as at 30 September 2019
	S\$'000	%	S\$'000	S\$'000	S\$'000
Repayment of loan	8,100	11.95	-	-	-
Strengthening the financial position of the Group by enlarging the Company's working capital <sup>(1)</sup>	54,700	80.68	25,967	10,853	15,114
Growing the existing business of the Group <sup>(2)</sup>	5,000	7.37	2,640	703	1,937
	67,800		28,607	11,556	17,051

**Breakdown for working capital:**

	S\$'000
Upgrade of Group's existing facilities and purchase of equipment	4,530
Trade and other payables	6,323
Total	10,853

**Notes (as set out in the 13 March 2018 Announcement):**

- (1) For the purposes of financing (i) the purchase of new equipment, (ii) the recruitment and retention of new sales and engineering staff, to bring in new sales and to provide technical know-how and services and/or create value-added products needed for the new sales respectively, in order to reduce inventory, (iii) upgrades and resizing of the Group's existing facilities and/or offices in order to tailor to future business needs, and (iv) the procurement of additional SAP modules to enhance corporate management and accounting controls.
- (2) Including to (i) invest in marketing programs to enhance the Group's brand image in the marketplace and better position the Group for future business opportunities, (ii) pursue potential strategic growth opportunities (including alliances, mergers and acquisitions, joint ventures and investments as and when they may arise) and (iii) participate in tender bids with customers in the O&G and marine sectors.

**16. Negative confirmation pursuant to Rule 705(5)**

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months ended 30 September 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**KYLE ARNOLD SHAW, JR**

Executive Chairman

8 November 2019