

# **AGV GROUP LIMITED**

(Company Registration No. 201536566H)

Condensed Interim Financial Statements  
For the nine months ended 30 June 2021

**In view of the material uncertainty relating to going concern issued by the Company's independent auditors, Mazars LLP, on the audited financial statements of the Group for the financial year ended 30 September 2020, the Company is required by the Singapore Exchange Securities Trading Limited (the "Exchange") to announce its quarterly financial statements pursuant to Catalist Rule 705(2).**

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

## **Table of Contents**

<b>A. Condensed interim consolidated statement of profit or loss and other comprehensive income .....</b>	<b>1</b>
<b>B. Condensed interim statements of financial position .....</b>	<b>2 - 3</b>
<b>C. Condensed interim statements of changes in equity .....</b>	<b>4 - 5</b>
<b>D. Condensed interim consolidated statement of cash flows .....</b>	<b>6</b>
<b>E. Notes to the condensed interim consolidated financial statements .....</b>	<b>7 - 12</b>
<b>F. Other information required by Listing Rule Appendix 7C .....</b>	<b>13 - 21</b>
<b>G. Confirmation by the Board .....</b>	<b>22</b>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**1(a) 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.****Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
The Group**

	Note	3 months ended 30 Jun			9 months ended 30 Jun		
		3Q FY2021 S\$'000	3Q FY2020 S\$'000	Inc/ (Dec) %	9M FY2021 S\$'000	9M FY2020 S\$'000	Inc/ (Dec) %
<b>Revenue</b>	5	3,725	642	>100	10,458	8,198	28
<b>Other item of income</b>							
Other income	7.1(a)	107	159	-33	350	389	-10
<b>Items of expenses</b>							
Consumables used		(1,558)	(257)	>100	(4,790)	(3,597)	33
Employee benefits expenses		(1,150)	(799)	44	(2,993)	(2,555)	17
Operating lease expense		(46)	49	>-100	(75)	-	n.m.
Other expenses	7.1(b)	(984)	(759)	30	(2,498)	(2,068)	21
Finance costs	7.1(c)	(378)	(340)	11	(773)	(1,107)	-30
Depreciation expense		(451)	(541)	-17	(1,430)	(1,519)	-6
Loss before income tax		(735)	(1,846)	-60	(1,751)	(2,259)	-22
Income tax credit/(expense)	8	6	7	-14	71	(59)	>-100
<b>Loss for the year</b>		<u>(729)</u>	<u>(1,839)</u>	-60	<u>(1,680)</u>	<u>(2,318)</u>	-28
<u>Other comprehensive income:</u>							
Exchange difference on translation of foreign operations		13	243	-95	148	119	24
Other comprehensive income for the year		<u>13</u>	<u>243</u>	-95	<u>148</u>	<u>119</u>	24
<b>Total comprehensive loss for the year</b>		<u>(716)</u>	<u>(1,596)</u>	-55	<u>(1,532)</u>	<u>(2,199)</u>	-30
<b>Loss attributable to:</b>							
Owners of the Group		(530)	(1,740)	-70	(1,183)	(1,933)	-39
Non-controlling interests		(199)	(99)	>100	(497)	(385)	29
		<u>(729)</u>	<u>(1,839)</u>	-60	<u>(1,680)</u>	<u>(2,318)</u>	-28
<b>Total comprehensive loss for the year:</b>							
Owners of the Group		(524)	(1,586)	-67	(1,108)	(1,872)	-41
Non-controlling interests		(192)	(10)	>100	(424)	(327)	30
		<u>(716)</u>	<u>(1,596)</u>	-55	<u>(1,532)</u>	<u>(2,199)</u>	-30

n.m. = not meaningful

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**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:****Condensed Interim Statements of Financial Position**

		Group		Company	
	Note	30-Jun-21 S\$'000	30-Sep-20 S\$'000	30-Jun-21 S\$'000	30-Sep-20 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Subsidiaries		-	-	16,708	16,707
Property, plant and equipment	9	12,523	13,307	16	33
Deferred tax assets		326	326	-	-
<b>Total non-current assets</b>		<b>12,849</b>	<b>13,633</b>	<b>16,724</b>	<b>16,740</b>
<b>Current assets</b>					
Cash and bank balances	1(d)	1,021	1,487	79	480
Pledge fixed deposit		303	367	-	-
Trade and other receivables		2,902	2,069	3,902	1,436
Inventories		3,145	1,914	-	-
Prepayments		93	86	19	20
<b>Total current assets</b>		<b>7,464</b>	<b>5,923</b>	<b>4,000</b>	<b>1,936</b>
<b>Total assets</b>		<b>20,313</b>	<b>19,556</b>	<b>20,724</b>	<b>18,676</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	10	33,143	26,161	33,143	26,161
Accumulated losses		(25,002)	(23,819)	(17,934)	(15,939)
Other reserve		(2,565)	(2,565)	-	-
Translation reserve		113	38	-	-
<b>Equity/(capital deficiency) attributable to owners of the Company</b>		<b>5,689</b>	<b>(185)</b>	<b>15,209</b>	<b>10,222</b>
Non-controlling interests		(3,759)	(3,335)	-	-
<b>Total equity/(capital deficiency)</b>		<b>1,930</b>	<b>(3,520)</b>	<b>15,209</b>	<b>10,222</b>
<b>Non-current liabilities</b>					
Lease liabilities	1b(ii)	1,264	1,373	-	-
Borrowings	1b(ii)	6,595	8,242	174	271
Trade and other payables		1,003	6,448	833	6,012
Deferred tax liabilities		21	42	-	-
<b>Total non-current liabilities</b>		<b>8,883</b>	<b>16,105</b>	<b>1,007</b>	<b>6,283</b>
<b>Current liabilities</b>					
Trade and other payables		7,585	3,699	4,374	2,041
Provision for reinstatement cost		100	100	-	-
Lease liabilities	1(b)(ii)	346	477	8	24
Borrowings	1(b)(ii)	1,469	2,695	126	106
<b>Total current liabilities</b>		<b>9,500</b>	<b>6,971</b>	<b>4,508</b>	<b>2,171</b>
<b>Total liabilities</b>		<b>18,383</b>	<b>23,076</b>	<b>5,515</b>	<b>8,454</b>
<b>Total equity and liabilities</b>		<b>20,313</b>	<b>19,556</b>	<b>20,724</b>	<b>18,676</b>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

- 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:

	30-Jun-21 S\$'000	30-Sep-20 S\$'000
Amount repayable within one year		
Secured	1,815	3,172
Unsecured	-	-
	<u>1,815</u>	<u>3,172</u>
Amount repayable after one year		
Secured	7,859	9,615
Unsecured	-	-
	<u>7,859</u>	<u>9,615</u>
<b>Total</b>	<u><u>9,674</u></u>	<u><u>12,787</u></u>

**Details of collaterals**

The Group's 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.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

- 1(c) **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:**

**Condensed Interim Statement of Changes in Equity**

	← Attributable to shareholders of the Company →				Total equity S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
	Share Capital S\$'000	Accumulated losses S\$'000	Other reserve S\$'000	Translation reserve S\$'000			
<b>GROUP</b>							
Balance at 1 October 2019	14,587	(21,538)	(2,565)	24	(9,492)	(2,848)	(12,340)
<u>Total comprehensive loss for the year</u>							
Loss for the year	-	(1,933)	-	-	(1,933)	(385)	(2,318)
Other comprehensive income	-	-	-	61	61	58	119
Total	-	(1,933)	-	61	(1,872)	(327)	(2,199)
<b>Balance at 30 Jun 2020</b>	<b>14,587</b>	<b>(23,471)</b>	<b>(2,565)</b>	<b>85</b>	<b>(11,364)</b>	<b>(3,175)</b>	<b>(14,539)</b>
Balance at 1 October 2020	26,161	(23,819)	(2,565)	38	(185)	(3,335)	(3,520)
<u>Total comprehensive loss for the year</u>							
Loss for the year	-	(1,183)	-	-	(1,183)	(497)	(1,680)
Other comprehensive income	-	-	-	75	75	73	148
Total	-	(1,183)	-	75	(1,108)	(424)	(1,532)
Issuance of ordinary shares	6,982	-	-	-	6,982	-	6,982
<b>Balance at 30 Jun 2021</b>	<b>33,143</b>	<b>(25,002)</b>	<b>(2,565)</b>	<b>113</b>	<b>5,689</b>	<b>(3,759)</b>	<b>1,930</b>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

	<b>Share capital</b>	<b>Accumulated</b>	<b>Total</b>
	<b>S\$'000</b>	<b>losses</b>	<b>S\$'000</b>
<b><u>COMPANY</u></b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 October 2019	14,587	(18,989)	(4,402)
Loss for the year	-	12,699	12,699
<b>Balance at 30 Jun 2020</b>	<b>14,587</b>	<b>(6,290)</b>	<b>8,297</b>
Balance at 1 October 2020	26,161	(15,939)	10,222
Profit for the year	-	(1,995)	(1,995)
Issuance of shares	6,982	-	6,982
<b>Balance at 30 Jun 2021</b>	<b>33,143</b>	<b>(17,934)</b>	<b>15,209</b>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**1(d) Group cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year:****Condensed Interim Consolidated Statement of Cash Flows**

	Group 9 months	
	30-Jun-21 S\$'000	30-Jun-20 S\$'000
<b>Operating activities</b>		
Loss before income tax	(1,751)	(2,259)
Adjustments for:		
Depreciation expense	1,430	1,519
Interest expense	773	1,107
Fixed asset written off	-	1
Bad debt written off	-	16
Long term payables written off	(8)	(99)
Loss on disposal of property, plant and equipment	24	-
Gain arising from right-of-use assets	(5)	-
Reversal of doubtful debts	(1)	(11)
Unrealised currency translation loss	214	194
<b>Operating cash flows before movements in working capital</b>	<b>676</b>	<b>468</b>
<i>Movement in working capital</i>		
Inventories	(1,231)	(87)
Trade and other receivables	(949)	646
Prepayments	(7)	(48)
Trade and other payables	684	2,355
Deferred income, including government grant (net)	103	-
<b>Cash (used in)/generated from operations</b>	<b>(724)</b>	<b>3,334</b>
Income taxes refunded/(paid)	50	(81)
<b>Net cash (used in)/generated from operations</b>	<b>(674)</b>	<b>3,253</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(725)	(123)
Proceeds from sale and leaseback	3,105	-
Proceeds from disposal of property, plant and equipment	14	-
<b>Net cash generated from/(used in) investing activities</b>	<b>2,394</b>	<b>(123)</b>
<b>Financing activities</b>		
Decrease/(Increase) in pledge deposit	64	(28)
Repayment to directors	-	(207)
Repayment to third parties	-	(50)
Repayment of borrowings	(3,134)	(1,707)
Repayment of finance lease obligations	(316)	(484)
Proceeds from issuance of equity	1,200	-
<b>Net cash used in financing activities</b>	<b>(2,186)</b>	<b>(2,476)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(466)</b>	<b>654</b>
Cash and cash equivalents in at beginning of year	1,487	141
<b>Cash and cash equivalents at end of year</b>	<b>1,021</b>	<b>795</b>

## **AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

### **Notes to the condensed interim consolidated financial statements**

#### **2. Corporate information**

AGV Group Limited (the "Company") (Registration Number 201536566H) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of investment holding. The principal activities of the Group are:

- (a) Investment holding
- (b) Hot dip galvanising

#### **3. Basis of Preparation**

The condensed interim financial statements for the nine months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 September 2020. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

##### **3.1 New and amended standards adopted by the Group**

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date. The application of these new or amended SFRS(I) and INT FRSs did not result in changes in the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

##### **3.2 Use of judgement and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for nine months period ended 30 June 2021.

## AGV GROUP LIMITED

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

### 4 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 5 Segment and revenue information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The principal operation of the Group relates almost entirely to the provision of galvanising services. The Group operates in two geographical areas, being Singapore and Malaysia.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding deferred tax assets) by geographical location are detailed below:

	Revenue		Non-current assets	
	9MFY2021 S\$'000	9MFY2020 S\$'000	30-Jun-21 S\$'000	30-Sep-20 S\$'000
Singapore	10,238	8,086	6,985	7,895
Malaysia	220	112	5,538	5,412
Total	<u>10,458</u>	<u>8,198</u>	<u>12,523</u>	<u>13,307</u>

### Revenue

	Group	
	9MFY2021 S\$'000	9MFY2020 S\$'000
<b>Revenue from contracts with customers</b>		
- Galvanising service	9,693	7,617
- Sales of zinc ash and dross	765	581
Total	<u>10,458</u>	<u>8,198</u>

All revenue from contract with customers are recognised at a point in time.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

The disaggregation of revenue from contracts with customers is as follows:

	Galvanising service		Sale of zinc ash and dross		Total	
	9M	9M	9M	9M	9M	9M
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Geographical market <sup>(a)</sup>						
Singapore	9,473	7,617	765	469	10,238	8,086
Malaysia	220	-	-	112	220	112
	<u>9,693</u>	<u>7,617</u>	<u>765</u>	<u>581</u>	<u>10,458</u>	<u>8,198</u>

(a) The disaggregation is based on the location of customers from which revenue was generated.

The Company has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expected duration of one year or less.

**6 Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 30 June 2020:

	Group		Company	
	30-Jun-21	30-Sep-20	30-Jun-21	30-Sep-20
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	1,021	1,487	79	480
Pledged fixed deposit	303	367	-	-
Trade and other receivables	2,672	1,888	3,877	1,387
	<u>3,996</u>	<u>3,742</u>	<u>3,956</u>	<u>1,867</u>
<b>Financial liabilities at amortised cost</b>				
Trade and other payables	8,287	9,976	5,198	8,034
Lease liabilities	1,610	1,850	8	24
Borrowings	8,064	10,937	300	377
	<u>17,961</u>	<u>22,763</u>	<u>5,506</u>	<u>8,435</u>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**7 Loss before income tax****7.1 Significant items****(a) Other income**

	The Group					
	3 months ended			9 months ended		
	30 Jun		Inc/ (Dec) %	30 Jun		Inc/ (Dec) %
	3Q FY2021 S\$'000	3Q FY2020 S\$'000		9M FY2021 S\$'000	9M FY2020 S\$'000	
<b>Other income</b>						
Government grant	78	64	22	267	268	0
Sales of waste material, zinc spray, galvanizing paint	20	2	>100	55	19	>100
Miscellaneous income	9	93	-90	28	102	-73
	<u>107</u>	<u>159</u>	<u>-33</u>	<u>350</u>	<u>389</u>	<u>-10</u>

**(b) Other expenses**

	The Group					
	3 months ended			9 months ended		
	30 Jun		Inc/ (Dec) %	30 Jun		Inc/ (Dec) %
	3Q FY2021 S\$'000	3Q FY2020 S\$'000		9M FY2021 S\$'000	9M FY2020 S\$'000	
<b>Other expenses</b>						
General administrative and production costs	757	633	20	1,838	1,537	20
Professional fees and consultation expenses	227	126	80	660	531	24
	<u>984</u>	<u>759</u>	<u>30</u>	<u>2,498</u>	<u>2,068</u>	<u>21</u>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**(c) Finance costs**

	The Group					
	3 months ended			9 months ended		
	30 Jun			30 Jun		
	3Q FY2021 S\$'000	3Q FY2020 S\$'000	Inc/ (Dec) %	9M FY2021 S\$'000	9M FY2020 S\$'000	Inc/ (Dec) %
<b>Finance costs</b>						
Interest expenses						
- bank borrowings	141	139	1	331	448	-26
- leases	24	37	-35	76	157	-52
- third parties	202	137	47	335	421	-20
- director	11	27	-59	31	81	-62
	<u>378</u>	<u>340</u>	11	<u>773</u>	<u>1,107</u>	-30

**7.2 Related party disclosures**

The transactions with related company and related parties of the Group are as set out below:

	Group		Company	
	30-Jun-21 S\$'000	30-Sep-20 S\$'000	30-Jun-21 S\$'000	30-Sep-20 S\$'000
Management fee charged to subsidiary	-	-	90	240
Purchase of zinc from a related company	<u>5,824</u>	<u>3,814</u>	<u>-</u>	<u>-</u>

**8 Taxation**

The Group calculated the income tax expense for the reporting period using the tax rate that would be applicable to the expected total annual earning. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	9MFY2021 S\$'000	9MFY2020 S\$'000
Current income tax credit/(expense)	50	(81)
Deferred income tax expense relating to origination and reversal of temporary differences	21	22
Income tax credit/(expense) recognised in profit or loss	<u>71</u>	<u>(59)</u>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**9 Property, plant and equipment**

During the nine months ended 30 June 2021, the Group acquired assets amounting to S\$0.7 million (30 June 2020: S\$1.8 million) and disposed of assets amounting to S\$0.024 million (30 June 2020: S\$Nil).

**10 Share Capital**

	The Group and the Company			
	Number of Shares		Amount	
	30-Jun-21 '000	30-Sep-20 '000	30-Jun-21 S\$'000	30-Sep-20 S\$'000
Beginning of interim period	667,104	185,946	26,161	14,587
Issuance of ordinary shares	330,913	-	6,982	-
Issuance of ordinary shares pursuant to right issue	-	481,158	-	11,753
Share issue expenses	-	-	-	(179)
End of interim period	<u>998,017</u>	<u>667,104</u>	<u>33,143</u>	<u>26,161</u>

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 30 September 2020.

**11 Subsequent Event**

Further to the sale and leaseback as announced by the Group on 19 November 2020, the Group had on 23 July 2021 entered into supplemental agreement with the Purchaser such that parties complete the sale and leaseback on the same day. AGVM has received the final balance purchase consideration of RM2,405,653.95 from the Purchaser. On the same day, the Group has also made announcement on the completion of the sale and leaseback. More details on the sale and leaseback is set out in the aforesaid announcement.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**Other information required by Listing Rule Appendix 7C****12 Review**

The condensed consolidated statement of financial position of AGV Group Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

**13 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.****REVIEW OF FINANCIAL PERFORMANCE****Revenue**

The Group's revenue of S\$3.7 million for the 3 months ended 30 June 2021 ("3QFY2021") was S\$3.1 million higher compared to the corresponding quarter in FY2020 ("3QFY2020"). For the 9 months ended 30 June 2021 ("9MFY2021"), the Group revenue was S\$2.3 million higher compared to the corresponding period ended 30 June 2020 ("9MFY2020").

The increase was mainly due to Singapore having announced a circuit breaker to break the chain of Covid-19 transmission in April'20, which affected the sales tonnage of AGV Galvanizing (Singapore) Pte Ltd ("AGVS") in 3QFY2020 with total sales tonnage of 793MT as compared to 7,016MT in 3QFY2021. For 9MFY2021, the total sales tonnage of the Group was 20,499 MT compared to 9MFY2020 of 15,786MT.

**Other income**

Other income decreased from approximately S\$0.2 million in 3QFY2020 to S\$0.1 million in 3QFY2021. This was mainly due to write-off of creditors of S\$90,000 in 3QFY2020.

**Consumables used**

In line with the increase in revenue, consumables used in 3QFY2021 was S\$1.6 million, approximately an increase of S\$1.3 million as compared to S\$0.3 million in 3QFY2020.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**Employee benefits expenses**

Employee benefits expenses comprised of directors' remuneration and staff-related expenses increased by S\$0.4 million from S\$0.8 million in 3QFY2020 to S\$1.2 million in 3QFY2021. The increase was attributable to the increase in foreign worker levy by S\$0.1 million and labour salary by S\$0.3 million. This was because AGVS had to pay for foreign workers' levy in 3QFY2021 whereas for the corresponding period of 3QFY2020, AGVS had obtained levy waiver for foreign workers. It also incurred more labour cost during 3QFY2021 to produce more sales tonnage of 7,016MT as compared to 3QFY2020 of 793MT. In addition, the increase was also due to the resumption of operations for AGV Galvanizing (M) Sdn Bhd during 3QFY2021 which increased the workers' headcounts to 33 as compared to 10 in 3QFY2020.

**Operating lease expense**

Operating lease expenses, which comprised mainly machinery, factory rental and office equipment rental for the Group's operations with lease term of 12 months or less, increased to S\$46,000 in 3QFY2021.

**Other expenses**

Other expenses increased by approximately S\$0.2 million from approximately S\$0.8 million in 3QFY2020 to S\$1.0 million in 3QFY2021. This was mainly due to the increase in professional fees, consultation expenses, stamp duty and administrative fees paid to Malaysian government authority of approximately S\$0.1 million relating to the sale & leaseback and debt capitalisation exercise. In addition, the increase in other production costs of approximately S\$0.1 million include increase in waste disposal and gas supply, and this was mainly due to the resumption of operations of AGV Galvanizing (M) Sdn Bhd.

**Finance costs**

Finance costs increased from S\$0.3 million in 3QFY2020 to S\$0.4 million in 3QFY2021 mainly due to the increase in interest expenses attributed to third parties to extend the repayment schedule of S\$0.1 million.

**Income tax credit/(expense)**

The Group recorded income tax credit of approximately S\$6,000 in 3QFY2021 mainly due to tax refund from IRAS.

**Loss for the year**

As a result of the above, the Group narrowed the loss of S\$1.8 million in 3QFY2020 to a loss of S\$0.7 million in 3QFY2021.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**REVIEW OF FINANCIAL POSITION****Non-current assets**

Non-current assets decreased by approximately S\$0.8 million from S\$13.6 million as at 30 Sep 2020 to S\$12.8 million as at 30 Jun 2021, mainly due to depreciation charges of S\$1.4 million, which was partially offset by the acquisition of property, plant and equipment of S\$0.7 million.

**Current assets**

Current assets increased by approximately S\$1.5 million from S\$5.9 million as at 30 Sep 2020 to S\$7.4 million as at 30 Jun 2021 mainly due to an increase in inventories of S\$1.2 million and trade and other receivables of S\$0.8 million. It was offset by the decrease in cash and bank balances of S\$0.5 million.

The increase in inventories was mainly due to AGV Galvanizing (M) Sdn Bhd ordering 450MT of zinc to resume its operation during 9MFY2021.

**Liabilities**

Total liabilities decreased by approximately S\$4.7 million from S\$23.1 million as at 30 Sep 2020 to S\$18.4 million as at 30 Jun 2021. This was mainly due to the decrease in trade and other payables of S\$1.6 million which the Group has completed debts capitalisation exercise of S\$6.9 million on 20 May 2021 and offset by the increase in trade payables of S\$1.5 million and advance payment from the Purchaser for the sale and leaseback arrangement of AGV Galvanizing (M) Sdn Bhd's land and building of S\$3.1 million. Moreover, the decrease also contributed by the repayment of bank borrowings and finance lease payables with decrease balances of S\$2.9 million and S\$0.2 million respectively.

**Equity**

On 20 May 2021, the Group has completed the debt capitalisation exercise which resulted in the total capital deficiency of the Group to reverse from S\$3.5 million as at 30 Sep 2020 to total equity of S\$1.9 million as at 30 Jun 2021.

This announcement was prepared on a going concern basis on the following premise:

- the Group's ability to generate sufficient cash flows from its operations; and
- continued financial support from the Group's controlling shareholder and institutional lenders.

## **AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

### **REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 30 Jun 2021, the Group's net cash position amounted to S\$1.0 million as compared to S\$1.5 million as at 30 Sep 2020, a net decrease of S\$0.5 million.

The net cash used in operations amounted to S\$0.7 million and net cash used in financing activities of S\$2.2 million respectively was offset by the net cash generated from investing activities of S\$2.4 million.

The net cash flows used in operating activities amounted to S\$0.7 million in 9MFY2021 as compared to net cash flows of S\$3.3 million generated from operating activities in 9MFY2020.

The net cash flows generated from investing activities amounted to S\$2.4 million in 9MFY2021 mainly due to the advance payment from the Purchaser of the sale and leaseback of AGV Galvanizing (M) Sdn Bhd's land and building of S\$3.1 million which was offset by the acquisition of property, plant and equipment of S\$0.7 million.

The net cash flows used in financing activities amounted to S\$2.2 million in 9MFY2021 due to the repayment of total borrowings of S\$3.1 million and finance lease payables of S\$0.3 million which was partially offset with the proceeds from issuance of ordinary shares of S\$1.2 million.

As of 30 Jun 2021, the Group was in a net current liabilities of S\$2 million due to the advance payment of S\$3.1 million received from the Purchaser of the sale and leaseback exercise. On 23 July 2021, the Group has entered into Supplemental Agreement and has completed the sale and leaseback exercise, and expects to be in a stronger financial position.

- 14(i) 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.**

On 20 May 2021, the Group has completed the debt capitalisation and issuance of conversion shares. Following the allotment and issuance of the Conversion Shares, the Company's issued and paid-up share capital has increased from 667,104,257 shares (excluding treasury shares) to 998,017,030 shares (excluding treasury shares).

As at 30 June 2020 and 30 June 2021, the Company has no outstanding convertibles, treasury shares or subsidiary holdings.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**14(ii) 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>As at 30 Jun 2021</b>	<b>As at 30 Sep 2020</b>
Number of ordinary shares	998,017,030	667,104,257

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

**14(iii) 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.

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

Not applicable.

**15 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**16 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 Note 17 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 September 2020.

**17 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 the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the accounting periods beginning on or after 1 October 2020. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial year reported on.

**18 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**

	<b>As at 30 Jun 2021</b>	<b>As at 30 Jun 2020</b>
Loss used in calculating basic and dilutive loss per share (S\$'000)	(1,183)	(1,933)
Weighted average number of ordinary shares ('000)	718,014	185,946
Basic and diluted loss per share (S\$ cents)	(0.16)	(1.04)

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**19 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 current financial period reported on and immediately preceding financial year**

	Group		Company	
	30 Jun 2021	30 Sep 2020	30 Jun 2021	30 Sep 2020
Net asset/(liability) value (S\$'000)	5,689	(185)	15,209	10,222
Number of ordinary shares	988,017,030	667,104,257	988,017,030	667,104,257
Net asset/(liability) value per ordinary share based on issued share capital of the Company (S\$ cents)	0.57	(0.03)	1.52	1.53

**20 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.

**21 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**

We expect the economic situation to remain challenging against the backdrop of the Covid-19 situation particularly in Singapore and Malaysia, which has resulted in labour shortage and the volatility in zinc prices. The Group will continue to stay vigilant on managing its operation costs and adopt cost optimisation initiatives.

According to the Building and Construction Authority (BCA), construction demand is forecasted to range between S\$23 billion and S\$28 billion in 2021, and will rise to the range of S\$25 billion to S\$32 billion during 2022 to 2025.<sup>1</sup> However, the Group remains cognisant of the uncertainty of the economic situation. The Board also wishes to highlight that there is no guarantee that the increase in construction demand in Singapore may translate to an increase in demand for the zinc galvanizing services provided by the Group.

On 7 July 2021, the Defence Minister of Malaysia, imposed another two weeks of enhanced movement control order in the state of Johor from 9 July 2021 to 22 July 2021<sup>2</sup>. On 15 July 2021, AGV Galvanizing (M) Sdn Bhd (“AGVM”) has received approval from the Ministry of International Trade and Industry (“MITI”) of Malaysia, permitting 60% of the workforce to return to work.

Please refer to **Note 11** under subsequent event for the status on the sale & leaseback of the property in Johor Bahru, Malaysia.

<sup>1</sup> <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery>

<sup>2</sup> <https://www.thestar.com.my/news/nation/2021/07/07/ismail-sabri-emco-to-be-imposed-on-seremban-as-well-as-areas-in-pahang-johor-kelantan-and-sabah>

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**22 Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No interim or final ordinary dividend has been declared or recommended.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

(i) **Amount per share:** Not applicable

(ii) **Previous corresponding period:** Not applicable

**(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.**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

**23 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended by the Board of Directors for the financial period ended 30 June 2021 due to the financial performance of the Group.

**AGV GROUP LIMITED**

Company Registration No. 201536566H

(Incorporated in the Republic of Singapore on 2 October 2015)

**24 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 13 January 2021 and the IPT transactions amounted to approximately S\$5.82 million from October 2020 to June 2021.

<b>Name of interested person</b>	<b>Nature of relationship</b>	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
JD Resources International Limited	Supplier of zinc to the Company	-	S\$5,824,416.22

**25 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).

**AGV GROUP LIMITED**

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

**Confirmation by the Board pursuant to Rule 705(5)**

On behalf of the Board of Directors of the Company, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine-month period ended 30 June 2021 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

---

Chua Wei Kee  
Executive Chairman

---

Chong Kwang Shih  
Lead Independent Director

Singapore  
11 August 2021

---

*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. Kaeson Chui, Vice President, at 16 Raffles Quay, #01-05, Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.*