

EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z

**Half Year Financial Statements and Related Announcement
For The Six Months Ended 30 September 2018**

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

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

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

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

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-18 S\$'000	30-Sep-17 S\$'000	
Revenue	43,046	32,654	31.8
Cost of Sales	(36,757)	(27,110)	35.6
Gross Profit	6,289	5,544	13.4
Other Income	3,799	4,611	(17.6)
Interest Income	34	-	100.0
Other Credits (Charges), net	2	(33)	106.1
Marketing and Distribution Expenses	(1,647)	(976)	68.8
Administrative Expenses	(10,962)	(8,991)	21.9
Finance Costs	(458)	(430)	6.5
Loss Before Tax	(2,943)	(275)	970.2
Income Tax Income	6	-	100.0
Loss, Net of Tax	(2,937)	(275)	968.0
Total Comprehensive Loss	(2,937)	(275)	968.0
Loss, Net of Tax and Total Comprehensive Loss			
Attributable to:			
Owners of the Company	(2,819)	(237)	1,089.5
Non-Controlling Interest	(118)	(38)	210.5
	(2,937)	(275)	968.0
Loss Per Share (Cents)			
Basic and Diluted	(1.06)	(0.09)	1,077.8

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

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

	Group		Increase/ (Decrease) %
	Six Months Ended 30-Sep-18 S\$'000	30-Sep-17 S\$'000	
Other Income			
Commission Income	742	1,359	45.4
Rental Income	1,146	1,174	2.4
- <i>includes leasing income</i>	682	665	2.6
Deferred Income	1,667	1,667	-
Other Income	244	411	(40.6)
Other Credits (Charges), Net			
Bad debts written off	-	(14)	(100.0)
Allowance for Impairment on Trade Receivables	(6)	(72)	(91.7)
Foreign Exchange Adjustments Gain	4	38	(89.5)
Gain on Disposal of Property, Plant and Equipment	4	15	(73.3)
Marketing and Distribution Expenses			
Advertising and Promotions	(921)	(506)	82.0
Sales Commission Expense	(368)	(248)	48.4
Entertainment	(228)	(167)	36.5
Administrative Expenses			
Staff cost	(3,351)	(3,027)	10.7
Rental Expense	(3,790)	(2,861)	32.5
- <i>includes Amortisation of Land Premium</i>	(192)	(224)	(14.3)
Depreciation Expense	(1,300)	(1,268)	2.5
Professional Fees	(639)	(274)	133.2
Property Tax	(217)	(224)	(3.1)
Income Tax Income			
Current Tax Income	6	-	100.0

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

	Group		Company	
	As at		As at	
	30-Sep-18 S\$'000	31-Mar-18 S\$'000	30-Sep-18 S\$'000	31-Mar-18 S\$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	9,415	11,811	-	-
Investment in Subsidiaries	-	-	2,097	2,097
Total Non-Current Assets	9,415	11,811	2,097	2,097
Current Assets				
Assets Held for Sale	15,186	15,186	-	-
Inventories	29,749	27,592	-	-
Trade and Other Receivables	3,543	3,727	9,471	5,196
Other Assets	1,765	2,497	40	65
Cash and Cash Equivalents	7,169	4,357	1,269	16
Total Current Assets	57,412	53,359	10,780	5,277
Total Assets	66,827	65,170	12,877	7,374
EQUITY AND LIABILITIES				
Equity				
Share Capital	18,469	18,469	18,469	18,469
Accumulated Losses	(12,704)	(9,885)	(12,291)	(11,203)
Equity Attributable to Owners of Company	5,765	8,584	6,178	7,266
Non-Controlling Interest	119	237	-	-
Total Equity	5,884	8,821	6,178	7,266
Non-Current Liabilities				
Financial Liabilities, Non-Current	9,141	4,273	6,000	-
Other Liabilities, Non-Current	1,637	3,433	-	-
Total Non-Current Liabilities	10,778	7,706	6,000	-
Current Liabilities				
Trade and Other Payables	8,547	8,478	699	108
Liabilities in relation to assets held for sale	8,239	8,620	-	-
Financial Liabilities, Current	11,427	13,550	-	-
Other Liabilities, Current	21,952	17,995	-	-
Total Current Liabilities	50,165	48,643	699	108
Total Equity and Liabilities	66,827	65,170	12,877	7,374

1(b)(ii). In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year: (A) the amount repayable in one year or less, or on demand; (B) the amount repayable after one year; (C) whether the amounts are secured or unsecured; and (D) details of any collaterals.

	As at 30-Sep-18		As at 31-Mar-18	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	19,666	-	22,028	-
Amount repayable after one year	9,141	-	4,273	-

Details of Collaterals

As at 30 September 2018 and 31 March 2018, the Group's borrowings are secured by:

- A legal mortgage over the assets held for sale
- A fixed and floating charge over security deposits, inventories and accounts receivables
- Corporate guarantee by the Company

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

	Group	
	Six Months Ended	
	30-Sep-18 S\$'000	30-Sep-17 S\$'000
<u>Cash Flows From Operating Activities</u>		
Loss Before Tax	(2,943)	(275)
Adjustments for:		
Deferred Income	(1,667)	(1,667)
Depreciation of Property, Plant and Equipment	1,300	1,268
Amortisation of Other Assets	192	92
Gain on Disposal of Property, Plant and Equipment	(4)	(15)
Interest Income	(34)	-
Interest Expense	458	430
Operating Cash Flows Before Changes in Working Capital	(2,698)	(167)
Inventories	(1,678)	5,065
Trade and Other Receivables	184	(2,807)
Other Assets	540	(813)
Other Liabilities	3,828	(1,217)
Trade and Other Payables	70	(1,908)
Net Cash Flows From (Used in) Operations	246	(1,847)
Income Taxes Refunded	6	-
Net Cash Flows From (Used in) Operating Activities	252	(1,847)
<u>Cash Flows From Investing Activities</u>		
Other Financial Assets, Non-Current	-	(20)
Purchase of Property, Plant and Equipment	(503)	(250)
Disposal of Property, Plant and Equipment	1,812	220
Interest Received	34	-
Net Cash Flows From (Used in) Investing Activities	1,343	(50)
<u>Cash Flows From Financing Activities</u>		
(Decrease) Increase of Financial Liabilities	(2,628)	817
Security Deposits for Bank Facilities	(990)	-
Finance Lease Repayment	(1,697)	(1,179)
Redeemable, Convertible and Exchangeable Bonds	6,000	-
Interest Paid	(458)	(430)
Net Cash Flows From (Used in) Financing Activities	227	(792)
Net Increase (Decrease) in Cash and Cash Equivalents	1,822	(2,689)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	2,437	4,695
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	4,259⁽¹⁾	2,006⁽²⁾

Notes:

- (1) Cash and cash equivalents is net of cash restricted in use over 3 months of S\$2.91 million.
- (2) Cash and cash equivalents is net of cash restricted in use over 3 months of S\$1.92 million.

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

	Group				
	Share Capital S\$'000	Accumulated Losses S\$'000	Attributable to Owners of the Company S\$'000	Non- Controlling Interest S\$'000	Total Equity S\$'000
As at 1 April 2018	18,469	(9,885)	8,584	237	8,821
Movements in Equity:					
Total Comprehensive Loss for the Period	-	(2,819)	(2,819)	(118)	(2,937)
As at 30 September 2018	<u>18,469</u>	<u>(12,704)</u>	<u>5,765</u>	<u>119</u>	<u>5,884</u>
As at 1 April 2017	18,469	(5,980)	12,489	54	12,543
Movements in Equity:					
Total Comprehensive Loss for the Period	-	(237)	(237)	(38)	(275)
As at 30 September 2017	<u>18,469</u>	<u>(6,217)</u>	<u>12,252</u>	<u>16</u>	<u>12,268</u>

	Company		
	Share Capital S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
As at 1 April 2018	18,469	(11,203)	7,266
Movements in Equity:			
Total Comprehensive Loss for the Period	-	(1,088)	(1,088)
As at 30 September 2018	<u>18,469</u>	<u>12,291</u>	<u>6,178</u>
As at 1 April 2017	18,469	(6,065)	12,404
Movements in Equity:			
Total Comprehensive Loss for the Period	-	(794)	(794)
As at 30 September 2017	<u>18,469</u>	<u>(6,859)</u>	<u>11,610</u>

1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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.

	Company	
	Number of Ordinary Shares	Issued and Paid-up Share Capital S\$
Issued and paid up share capital as at 31 March 2018 and 30 September 2018	265,000,000	18,469,317

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

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

	Number of Ordinary Shares	
	As at	
	30-Sep-18	31-Mar-18
Total number of issued shares excluding treasury shares	265,000,000	265,000,000

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

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

Not applicable.

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.

Not applicable.

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

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

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

Not applicable.

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

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

In the current financial period, the Group has adopted all the new and revised financial reporting standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to the Group and effective for the financial period beginning 1 April 2018. The adoption of these new and revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

	Group	
	Six Months Ended	
	30-Sep-18	30-Sep-17
Loss, Net of Tax Attributable to Owners of the Company (S\$'000)	(2,819)	(237)
Weighted Average Number of Ordinary Shares	265,000,000	265,000,000
Loss Per Share - Basic and Diluted (cents)	(1.06)	(0.09)

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

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

	Group		Company	
	As at		As at	
	30-Sep-18	31-Mar-18	30-Sep-18	31-Mar-18
NAV per Ordinary Shares (cents)	2.18	3.24	2.33	2.74
Equity Attributable to Owners of the Company (S\$'000)	5,765	8,584	6,178	7,266
Number of Shares used in computation of NAV per Ordinary Shares ('000)	265,000	265,000	265,000	265,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of Group's Performance

Revenue

Revenue increased by approximately S\$10.39 million or 31.8%, from S\$32.65 million in 1HFY2018 to S\$43.05 million in 1HFY2019. This was mainly attributable to:

- (a) increase in sale of new automobiles by approximately S\$7.41 million largely due to more Alfa Romeo models sold;
- (b) increase in sale of used automobiles by approximately S\$3.80 million contributed by increased number of used automobiles sold; and offset by
- (c) decrease in revenue earned from car consignment of S\$0.43 million;
- (d) decrease in sales of deLaCour watches of S\$0.23 million due to decreased number of watches sold; and
- (e) decrease in revenue earned from experiential business of \$0.22 million due to lower demand.

Cost of Sales

Cost of sales increased by approximately S\$9.65 million or 35.6%, from S\$27.11 million in 1HFY2018 to S\$36.76 million in 1HFY2019, mainly due to more automobiles sold in 1HFY2019 as compared to 1HFY2018.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately S\$0.75 million or 13.4%, from S\$5.54 million in 1HFY2018 to S\$6.29 million in 1HFY2019 mainly due to more Alfa Romeo models sold. Gross profit margin decreased by 2.4%, from 17.0% in 1HFY2018 to 14.6% in 1HFY2019 mainly due to increase in sales of used automobiles with lower margins.

Other Income

Other income decreased by approximately S\$0.81 million or 17.6%, from S\$4.61 million in 1HFY2018 to S\$3.80 million in 1HFY2019, mainly due to decrease in commission income of S\$0.62 million.

Marketing and Distribution Expenses

Marketing and distribution expenses increased by approximately S\$0.67 million or 68.8%, from S\$0.98 million in 1HFY2018 to S\$1.65 million in 1HFY2019. The increase was mainly due to (a) increase in marketing expenses of approximately S\$0.42 million for launching and marketing new Lamborghini and Alfa Romeo models; and (b) increase in sales commission of S\$0.12 million.

Administrative Expenses

Administrative expenses increased by approximately S\$1.97 million or 21.9%, from S\$8.99 million in 1HFY2018 to S\$10.96 million in 1HFY2019. The increase was mainly attributable to:

- (i) increase in rental expenses of \$1.06 million for new headquarters and showrooms at Leng Kee Road;
- (ii) increase in professional fees of \$0.36 million for services received in relation to issuance of redeemable, convertible and exchangeable bonds.
- (iii) Increase in staff cost of \$0.34 million for additional headcounts.

(b) Review of Group's Financial Position

Non-Current Assets

Non-current assets decreased by S\$2.39 million, from S\$11.81 million as at 31 March 2018 to S\$9.42 million as at 30 September 2018, mainly due to depreciation expense and disposals of motor vehicles.

Current Assets

Current assets increased by S\$4.05 million, from S\$53.36 million as at 31 March 2018 to S\$57.41 million as at 30 September 2018. This was mainly due to:

- (i) Increase in cash and cash equivalents of S\$2.81 million from issuance of redeemable, convertible and exchangeable bonds; and
- (ii) increase in inventories of S\$2.16 million.

The increase is partially offset by decrease in other assets of S\$0.73 million and decrease in trade and other receivables of S\$0.18 million.

Non-Current Liabilities

Non-current liabilities increased by S\$3.07 million, from S\$7.71 million as at 31 March 2018 to S\$10.78 million as at 30 September 2018. This was mainly due to:

- (i) issuance of redeemable, convertible and exchangeable bonds amounted to S\$6.0 million; and offset by
- (ii) decrease in non-current other liabilities of S\$1.80 million. Non-current other liabilities comprises long-term portion of the deferred income recognised under the sales and leaseback arrangement; and
- (iii) decrease in non-current portion of hire purchase loan and bank facilities of S\$1.13 million.

Current Liabilities

Current liabilities increased by S\$1.52 million, from S\$48.64 million as at 31 March 2018 to S\$50.17 million as at 30 September 2018, mainly attributable to increase in other liabilities of S\$3.96 million as a result of customer deposits received.

The increase is partially offset by decrease in other financial liabilities of S\$2.12 million mainly due to repayment of bank facilities.

(c) Review of Group's Cash Flows

Net cash from operating activities amounted to S\$0.25 million in 1HFY2019. This was mainly due to net working capital inflow of S\$0.25 million.

Net cash from investing activities amounted to S\$1.34 million in 1HFY2019. This was mainly due to cash proceeds from disposal of automobiles of S\$1.81 million offset by cash used in purchases of automobiles of S\$0.50 million.

Net cash from financing activities amounted to S\$0.23 million in 1HFY2019. This was mainly due to proceeds from issuance of redeemable, convertible and exchangeable bonds of S\$6.0 million offset by (i) repayment of financial liabilities of S\$4.3 million; and (ii) placement of security deposits for bank facilities of S\$0.99 million.

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 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.

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

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

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

None.

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared (recommended).

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained an IPT mandate.

14. Negative confirmation pursuant to the Rule 705(5)

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

16. Use of IPO Proceeds

In accordance with the section entitled “Use of Proceeds and Listing Expenses” in the Offer Document, and as at 30 September 2018, the Company wishes to announce that the net proceeds of approximately S\$8.46 million have been utilised as follows:

Intended use of IPO Proceeds	Amount allocated (S\$' million)	Amount utilised as at 5 September 2018 (S\$' million)	Amount utilised from 5 September 2018 to 28 September 2018 (S\$' million)	Balance of IPO Proceeds as at 30 September 2018 (S\$' million)
Expansion of our operations locally and in other markets and diversification into other luxury lifestyle business	4.56	(4.56) ⁽¹⁾	-	-
General working capital	3.90	(2.46) ⁽²⁾	(1.44) ⁽²⁾	-
Total	8.46	(7.02)	(1.44)	-

Notes:

- (1) Amount utilised as at 31 March 2016 was S\$1.50 million. An amount of S\$2.50 million was utilised on 24 May 2016 for Ultimate Drive EuroSports Pte. Ltd.. An amount of S\$0.30 million was utilised on 23 February 2017 to fund the Shareholder Loan provided by Autoinc EuroSports Pte. Ltd. to Exquisite Marques Holding Pte. Ltd. for the Business Transfer. An amount of S\$0.26 million was utilised on 11 October 2017 to fund the subscription of new shares in Prosper Auto Pte. Ltd..
- (2) The amount of S\$3.90 million deployed for general working capital includes the purchase of inventories and operating expenses.

17. Use of Bonds Proceeds

The proposed placement and issuance of 5% redeemable, convertible and exchangeable bonds was completed on 10 September 2018 and raised net proceeds of S\$5.73 million.

The usage of net proceeds was in accordance with the intended use as stated below.

Intended use of Net Proceeds	Amount allocated (S\$' million)	Amount utilised as at 17 September 2018 (S\$' million)	Amount utilised from 17 September 2018 to 28 September 2018 (S\$' million)	Balance of Net Proceeds as at 30 September 2018 (S\$' million)
General working capital purposes (Company)	3.73	-	(2.79) ¹	0.94
General corporate purposes (EuroSports Technologies Pte. Ltd.)	2.00	(2.00)	-	-
Total	5.73	(2.00)	(2.79)	0.94

Notes:

- (1) The amount of S\$2.79 million was utilised for general working capital purposes, such as the purchase of new automobiles, the payment of salaries and rental charges.

By Order of the Board
EuroSports Global Limited

Goh Kim San
Executive Chairman and Chief Executive Officer

12 November 2018