

EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z

**Half Year Financial Statements and Related Announcement
For The Six Months Ended 30 September 2019**

*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**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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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-19 S\$'000	30-Sep-18 S\$'000	
Revenue	42,468	43,046	(1.3)
Cost of Sales	(33,276)	(36,757)	(9.5)
Gross Profit	9,192	6,289	46.2
Other Income	3,098	3,799	(18.5)
Interest Income	2	34	(94.1)
Other Credits/(Charges), Net	492	2	n.m.
Marketing and Distribution Expenses	(1,886)	(1,647)	14.5
Administrative Expenses	(8,573)	(10,962)	(21.8)
Finance Costs	(755)	(458)	64.8
Profit/(Loss) Before Tax	1,570	(2,943)	(153.3)
Income Tax (Expense)/Income	(11)	6	n.m.
Profit/(Loss), Net of Tax	1,559	(2,937)	(153.1)
Total Comprehensive Income/(Loss)	1,559	(2,937)	(153.1)
Profit/(Loss), Net of Tax and Total Comprehensive Income/(Loss)			
Attributable to:			
Owners of the Company	1,650	(2,819)	(158.5)
Non-Controlling Interest	(91)	(118)	(22.9)
	1,559	(2,937)	(153.1)
Earnings/(Loss) Per Share (Cents)			
Basic and Diluted	0.63	(1.06)	(159.4)

Note:

(1) n.m. denotes not meaningful

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

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

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-19 S\$'000	30-Sep-18 S\$'000	
Other Income			
Commission Income	253	742	(65.9)
Rental Income	749	1,146	(34.6)
- <i>includes leasing income</i>	457	682	(33.0)
Deferred Income	1,667	1,667	n.m.
Other Income	<u>429</u>	<u>244</u>	75.8
Other Credits/(Charges), Net			
Allowance for Impairment on Trade Receivables	158	(6)	n.m.
Foreign Exchange Adjustments Gain	49	4	n.m.
(Loss)/Gain on Disposal of Property, Plant and Equipment	(20)	4	n.m.
Reduction in the Assignment Levy from Jurong Town Corporation ("JTC")	<u>305</u>	<u>-</u>	100.0
Marketing and Distribution Expenses			
Advertising and Promotions	(1,012)	(921)	9.9
Sales Commission Expense	(546)	(368)	48.4
Entertainment	<u>(114)</u>	<u>(228)</u>	(50.0)
Administrative Expenses			
Staff Cost	(3,193)	(3,351)	(4.7)
Rental Expense	(244)	(3,790)	(93.6)
- <i>includes Amortisation of Land Premium</i>	(190)	(192)	n.m.
Depreciation Expense	(821)	(1,300)	(36.8)
Depreciation Right-of-Use Assets	(2,576)	-	100.0
Professional Fees	(394)	(639)	(38.3)
Property Tax	<u>(210)</u>	<u>(217)</u>	n.m.
Income Tax (Expense)/Income			
Current Tax (Expense)/Income	<u>(11)</u>	<u>6</u>	n.m.

Note:

(1) n.m. denotes not meaningful

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

	Group		Company	
	As at		As at	
	30-Sep-19	31-Mar-19	30-Sep-19	31-Mar-19
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	6,851	7,526	-	-
Right-of-Use Assets	4,427	-	4,427	-
Intangible Assets	1,462	692	-	-
Investment in Subsidiaries	-	-	4,097	3,097
Trade and Other Receivables	812	838	225	275
Total Non-Current Assets	13,552	9,056	8,749	3,372
Current Assets				
Right-of-Use Assets	3,472	-	2,043	-
Assets Held for Sale	-	14,286	-	-
Inventories	18,451	21,045	-	-
Trade and Other Receivables	2,616	5,272	5,631	7,599
Other Assets	1,793	2,445	44	67
Cash and Cash Equivalents	9,334	7,890	47	351
Total Current Assets	35,666	50,938	7,765	8,017
Total Assets	49,218	59,994	16,514	11,389
EQUITY AND LIABILITIES				
Equity				
Share Capital	17,885	18,047	17,885	18,047
Accumulated Losses	(9,039)	(10,063)	(14,547)	(12,956)
Equity Attributable to Owners of Company	8,846	7,984	3,338	5,091
Non-Controlling Interest	511	602	-	-
Total Equity	9,357	8,586	3,338	5,091
Non-Current Liabilities				
Other Financial Liabilities	7,038	7,457	6,000	6,000
Lease Liabilities	4,741	-	4,741	-
Other Liabilities	8	-	-	-
Total Non-Current Liabilities	11,787	7,457	10,741	6,000
Current Liabilities				
Trade and Other Payables	7,084	11,515	413	298
Liabilities in Relation to Assets Held for Sale	-	7,881	-	-
Other Financial Liabilities	4,085	8,407	-	-
Lease Liabilities	3,736	-	2,022	-
Other Liabilities	13,169	16,148	-	-
Total Current Liabilities	28,074	43,951	2,435	298
Total Equity and Liabilities	49,218	59,994	16,514	11,389

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-19		As at 31-Mar-19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	4,085	-	16,288	-
Amount repayable after one year	7,038	-	7,457	-

Details of Collaterals

As at 30 September 2019, the Group’s borrowings are secured by:

- (a) A fixed and floating charge over security deposits, inventories and accounts receivables
- (b) Corporate guarantee by the Company

As at 31 March 2019, the Group’s borrowings are secured by:

- (a) A legal mortgage over the assets held for sale
- (b) A fixed and floating charge over security deposits, inventories and accounts receivables
- (c) 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-19 S\$'000	30-Sep-18 S\$'000
<u>Cash Flows From Operating Activities</u>		
Profit/(Loss) Before Tax	1,570	(2,943)
Adjustments for:		
Deferred Income	(1,667)	(1,667)
Depreciation of Plant and Equipment	821	1,300
Depreciation of Right-of-Use Asset	2,576	-
Amortisation of Other Assets	-	192
Loss/(Gain) on Disposal of Plant and Equipment	20	(4)
Interest Income	(2)	(34)
Interest Expense	755	458
Reduction in the Assignment Levy from JTC	(305)	-
Operating Cash Flows Before Changes in Working Capital	3,768	(2,698)
Inventories	2,593	(1,678)
Trade and Other Receivables	2,682	184
Other Assets	827	540
Other Liabilities	(1,305)	3,828
Trade and Other Payables	(4,581)	70
Net Cash Flows From Operations	3,984	246
Income Taxes (Expense)/Refund	(11)	6
Net Cash Flows From Operating Activities	3,973	252
<u>Cash Flows From Investing Activities</u>		
Additions to Intangible Assets	(769)	-
Purchase of Plant and Equipment	(590)	(503)
Disposal of Asset Held for Sale	14,591	-
Disposal of Plant and Equipment	917	1,812
Interest Received	2	34
Net Cash Flows From Investing Activities	14,151	1,343
<u>Cash Flows (Used In)/From Financing Activities</u>		
Decrease of Other Financial Liabilities	(11,158)	(2,628)
Security Deposits for Bank Facilities	(3,575)	(990)
Finance Lease Repayment	(1,957)	(1,697)
Redeemable, Convertible and Exchangeable Bonds	-	6,000
Repayment of Principal Portion of Lease Liabilities	(2,798)	-
Interest Paid	(368)	(458)
Interest Portion of Lease Liabilities Paid	(237)	-
Purchase of Treasury Shares	(162)	-
Net Cash Flows (Used In)/From Financing Activities	(20,255)	227
Net (Decrease)/Increase in Cash and Cash Equivalents	(2,131)	1,822
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,540	2,437
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance⁽¹⁾	2,409	4,259

Note:

(1) As at 30 September 2019 and 30 September 2018, cash and cash equivalents is net of security deposits for bank facilities of S\$6.93 million and S\$2.91 million, respectively.

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 2019	18,047	(10,063)	7,984	602	8,586
Effects on adoption of SFRS(I) 16	-	(626)	(626)	-	(626)
As at 1 April 2019 (Restated)	18,047	(10,689)	7,358	602	7,960
Movements in Equity:					
Purchase of Treasury Shares	(162)	-	(162)	-	(162)
Total Comprehensive Income/(Loss) for the Period	-	1,650	1,650	(91)	1,559
As at 30 September 2019	<u>17,885</u>	<u>(9,039)</u>	<u>8,846</u>	<u>511</u>	<u>9,357</u>
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>

	Company		
	Share Capital S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
As at 1 April 2019	18,047	(12,956)	5,091
Effects on adoption of SFRS(I) 16	-	(244)	(244)
As at 1 April 2019 (Restated)	18,047	(13,200)	4,847
Movements in Equity:			
Purchase of Treasury Shares	(162)	-	(162)
Total Comprehensive Loss for the Period	-	(1,347)	(1,347)
As at 30 September 2019	<u>17,885</u>	<u>(14,547)</u>	<u>3,338</u>
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>

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.

During the half-year ended 30 September 2019 (“1H2020”), the changes in the Company's issued share capital were as follows:

	Company	
	Number of Ordinary Shares (excluding treasury shares)	Issued and Paid-up Share Capital
		S\$
Balance as at 31 March 2019	262,808,600	18,047,706
Purchase of treasury shares during 1H2020	(837,000)	(162,356)
Balance as at 30 September 2019	261,971,600	17,885,350

Treasury Shares

During 1H2020, the Company bought back 837,000 shares by way of market acquisition and all shares acquired are held as treasury shares. As at 30 September 2019, the Company held 3,028,400 treasury shares which represented approximately 1.16% of the 261,971,600 total issued shares (excluding treasury shares and subsidiary holdings). As at 30 September 2018, the Company did not have any treasury shares.

Convertibles

As at 30 September 2019, the Company has a redeemable, convertible and exchangeable bond due of an aggregate amount of S\$6,000,000 (“**Convertible Bond**”), of which 100% of the Convertible Bond may be converted to up to 25,000,000 ordinary shares of EuroSports Global Limited (“**ESG**”) based on a conversion price of S\$0.240 per share or up to 50% of the Convertible Bond may be exchanged into shares of EuroSports Technologies Pte. Ltd. (“**EST**”) at any time prior to the maturity date on 9 September 2021 based on a pre-money valuation (before dilution) of S\$30 million. Further details on this Convertible Bond can be found in the Company's SGXNET announcement dated 28 August 2018. Save for the Convertible Bond, the Company did not have any other outstanding options and convertibles as at 30 September 2019. The Company did not have any outstanding options and convertibles as at 30 September 2018.

There were no subsidiary holdings as at 30 September 2019 and 30 September 2018.

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.

Ordinary Share Capital

	Number of Ordinary Shares	
	As at	
	30-Sep-19	31-Mar-19
Total number of issued ordinary shares excluding treasury shares	261,971,600	262,808,600

Treasury Shares

Movement in the Company's treasury shares were as follows:

	Number of Treasury Shares	
	As at	
	30-Sep-19	31-Mar-19
Balance at beginning of the financial year	2,191,400	-
Purchase of treasury shares during the current financial period	837,000	2,191,400
Total number of treasury shares	3,028,400	2,191,400

As at 30 September 2019, the Company held 3,028,400 treasury shares which represented approximately 1.16% of the total number of issued ordinary shares excluding treasury shares.

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period of 30 September 2019.

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.

There were no holdings in EuroSports Global Limited by any subsidiary at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

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 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 the effect of, the change.

In the current financial period, the Group has adopted all the new and revised SFRS(I)s and related Interpretations to SFRS(I) (“**SFRS(I) INT**”) that are relevant to the Group and effective for the financial period beginning 1 April 2019. Except for SFRS(I) 16, Leases, the Group expects that the adoption of other standards 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.

SFRS(I) 16 Leases introduces a single model that will brought almost all leases onto statements of financial position (except leases of less than 12 months and leases of low-value assets) for lessees, eliminating the distinction between operating and finance lease. It requires lessees to recognise a ‘right-of-use’ asset and a corresponding lease liability for the present value of the obligation to make lease payments.

The Group has adopted SFRS(I) 16 Leases on 1 April 2019, using the modified retrospective approach in accordance with the transitional provisions. The Group capitalised its operating leases on offices on the statement of financial position by recognising ‘right-of-use’ assets and their corresponding lease liabilities for the present value of future lease payments on date of implementation. Subsequently, the lease assets will be depreciated over the lease term on a straight-line basis and the lease liabilities will be measured at amortised cost. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position and the opening balance of retained earnings of the Group as at 1 April 2019. The Company has recognised right-of-use assets of S\$10.48 million and lease liabilities of S\$11.28 million for its leases previously classified as operating leases as at 1 April 2019. The carrying amounts of the Group’s right-of-use assets and lease liabilities, and the movement during the period are as follows:

	Group	
	Right-of- Use Assets	Lease Liabilities
	S\$’000	S\$’000
As at 1 April 2019	10,475	11,275
Depreciation	(2,576)	-
Interest Expense	-	237
Payment	-	(3,035)
As at 30 September 2019	7,899	8,477

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-19	30-Sep-18
Income/(Loss), Net of Tax Attributable to Owners of the Company (S\$'000)	1,650	(2,819)
Weighted Average Number of Ordinary Shares	262,217,103	265,000,000
Earnings/(Loss) Per Share - Basic and Diluted (cents)	0.63	(1.06)

Earnings/(Loss) Per Share is computed based on the Income/(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-19	31-Mar-19	30-Sep-19	31-Mar-19
NAV per Ordinary Shares (cents)	3.37	3.04	1.27	1.94
Equity Attributable to Owners of the Company (S\$'000)	8,846	7,984	3,338	5,091
Number of Shares used in computation of NAV per Ordinary Shares ('000)	262,217	262,809	262,217	262,809

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 of the Group decreased slightly by S\$0.58 million or 1.3%, from S\$43.05 million in the half-year ended 30 September 2018 ("1H2019") to S\$42.47 million in 1H2020, mainly due to:

- (a) the disposal of experiential business and subsidiaries in the financial year 2019 that reduced revenue by S\$8.80 million; which was partially offset by
- (b) a net increase in the sales of automobiles by S\$8.60 million.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by S\$2.90 million or 46.2%, from S\$6.29 million in 1H2019 to S\$9.19 million in 1H2020, while gross profit margin of the Group increased by 7.0 percentage point, from 14.6% in 1H2019 to 21.6% in 1H2020. The higher profit margin was mainly due to an increase in sales of new automobiles with higher profit margins.

Other Income

Other income of the Group decreased by S\$0.70 million or 18.5%, from S\$3.80 million in 1H2019 to S\$3.10 million in 1H2020, mainly due to a decrease in commission income of S\$0.49 million and a decrease in rental income of S\$0.17 million.

Other Credits/(Charges), Net

Other credits/(charges), net of S\$0.49 million is mainly due to reduction of the assignment levy by S\$0.31 million, following the Company's appeal to JTC.

Marketing and Distribution Expenses

Marketing and distribution expenses of the Group increased by S\$0.24 million or 14.5%, from S\$1.65 million in 1H2019 to S\$1.89 million in 1H2020, mainly due to an increase in marketing expenses incurred for participation in various events for Lamborghini and Alfa Romeo.

Administrative Expenses

Administrative expenses of the Group decreased by S\$2.39 million or 21.8%, from S\$10.96 million in 1H2019 to S\$8.57 million in 1H2020, mainly due to decreases in (i) depreciation expenses of S\$0.48 million, (ii) salaries and bonus of S\$0.76 million and (iii) rental expenses of S\$0.97 million on disposal of subsidiaries in the financial year 2019.

Finance Costs

Finance costs of the Group increased by 0.30 million or 64.8%, from S\$0.46 million in 1H2019 to S\$0.76 million in 1H2020 mainly due to an increase in interest expense on right-of-use asset of S\$0.24 million arising from adoption of SFRS(I) 16 Leases.

(b) Review of Group's Financial Position

Non-Current Assets

Non-current assets of the Group increased by S\$4.49 million, from S\$9.06 million as at 31 March 2019 to S\$13.55 million as at 30 September 2019, mainly due to:

- (a) increase in intangible assets by S\$0.77 million, which relates to development cost of electric motorcycles; and
- (b) adoption of SFRS(I) 16 Leases that requires capitalisation of right-of-use assets for operating leases on offices of S\$4.4 million; and offset by
- (c) decrease in plant and equipment by S\$0.68 million mainly due to depreciation charge and disposal of motor vehicles.

Current Assets

Current assets of the Group decreased by S\$15.27 million, from S\$50.94 million as at 31 March 2019 to S\$35.67 million as at 30 September 2019, mainly due to:

- (a) the completion of disposal of asset held for sale on 10 July 2019, in which the carrying value of asset held for sale amounted to S\$14.29 million as at 31 March 2019; and
- (b) decrease in trade and other receivables by S\$2.66 million mainly due to receipt from customers for the sales of new automobiles; and offset by
- (c) increase in cash and cash equivalents by S\$1.44 million mainly due to additions in placement of security deposit for bank facilities and offset by net cash outflows from financing activities.

Equity

Equity comprises share capital, accumulated losses and non-controlling interest. The increase in equity by S\$0.77 million was due to:

- (a) the income attributable to owners of the Company for period of S\$1.65 million; and offset by
- (b) the purchase of treasury shares of S\$0.16 million; and
- (c) adjustment on the opening retained earnings of the Group on adoption of SFRS(I) 16 Leases of S\$0.63 million; and
- (d) share of non-controlling interest loss of S\$0.09 million.

Non-Current Liabilities

Non-current liabilities of the Group increased by S\$4.33 million, from S\$7.46 million as at 31 March 2019 to S\$11.78 million as at 30 September 2019, mainly due to adoption of SFRS(I) 16 Leases that requires recognition of lease liabilities on right-of-use assets for operating leases on offices.

Current Liabilities

Current liabilities of the Group decreased by S\$15.88 million, from S\$43.95 million as at 31 March 2019 to S\$28.07 million as at 30 September 2019, mainly due to:

- (a) decrease in trade and other payables mainly due to repayment to suppliers of S\$4.43 million; and
- (b) full settlement of liabilities in relation to assets held for sale amounted to S\$7.88 million; and
- (c) settlement of short term money market loan and floor stocks of S\$3.43 million and S\$1.53 million respectively; and offset by
- (d) increase in lease liabilities of S\$3.74 million due to adoption of SFRS(I) 16 Leases that requires recognition of lease liabilities on right-of-use assets for operating leases on offices.

(c) Review of Group's Cash Flows

Net cash flows from operating activities amounted to S\$3.97 million in 1H2020, arising from positive operating cash flows before changes in working capital of S\$3.77 million and net working capital inflow of S\$0.21 million.

Net cash flows from investing activities amounted to S\$14.15 million in 1H2020, mainly due to:

- (a) cash from (i) disposal of asset held for sale of S\$14.59 million and (ii) disposal of plant and equipment of S\$0.92 million; and offset by
- (b) cash used in (i) addition to intangibles assets of S\$0.77 million and (ii) purchases of plant and equipment of S\$0.59 million.

Net cash flows used in financing activities amounted to S\$20.26 million in 1H2020, mainly due to (i) repayment of financial liabilities of S\$11.16 million, (ii) placement of security deposits for bank facilities of S\$3.58 million, (iii) repayment of finance lease of S\$1.96 million and (iv) repayment of lease liabilities related to right-of-use asset of S\$3.03 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.

While the automobile industry remains challenging due to intense competition and the highly regulated environment in the Singapore and regional markets in which we operate, we are cautiously optimistic on our prospects of the automobiles distribution segment for the next 12 months. Our subsidiary, EuroSports Technologies Pte. Ltd. ("EST") which is developing sustainable mobility (electric motorcycles) will continue to incur expenses and we do not expect to generate meaningful revenue from EST for the next 12 months.

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 and the reason(s) for the decision.

No dividend has been declared (recommended) for the current financial year ended 30 September 2019 as the Group is conserving cash for business growth and opportunities.

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 2019 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.

**By Order of the Board
EuroSports Global Limited
Goh Kim San
Executive Chairman and Chief Executive Officer**

11 November 2019