

AMOS GROUP LIMITED
(Company Registration Number: 201004068M)
UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2020
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

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

CONSOLIDATED INCOME STATEMENT

	Group		Incr/ (decr) %
	30/09/2020 S\$'000	30/09/2019 S\$'000	
Revenue	57,617	66,748	(13.7)
Cost of sales	(46,802)	(53,924)	(13.2)
Gross profit	10,815	12,824	(15.7)
Distribution costs	(4,091)	(6,121)	(33.2)
Administrative expenses	(10,773)	(14,476)	(25.6)
Other operating income	678	4,498	(84.9)
Other operating expenses	(4,265)	(1,894)	125.2
Finance cost	(853)	(1,159)	(26.4)
Loss before income tax	(8,489)	(6,328)	34.1
Income tax expense	(44)	(1)	NM
Loss for the year	(8,533)	(6,329)	34.8
Loss attributable to:			
Owners of the Company	(8,498)	(6,245)	36.1
Non-controlling interests	(35)	(84)	(58.3)
	(8,533)	(6,329)	34.8
Gross profit margin	18.8%	19.2%	(2.3)
Net loss margin	-14.8%	-9.5%	56.2
EBITDA ⁽¹⁾ (S\$'000)	786	(3,309)	NM
EBITDA margin	1.4%	-5.0%	NM

⁽¹⁾ : Denotes earnings before finance cost, taxes, other operating (expenses) income, provision for inventory adjustment to market price, depreciation and amortisation

NM: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Incr/ (decr) %
	6 Months Ended 30/09/2020 S\$'000	30/09/2019 S\$'000	
Loss for the year	(8,533)	(6,329)	34.8
Other comprehensive income			
<u>Items that are or may be reclassified subsequently to profit or loss:</u>			
Translation gain (loss) arising on consolidation	208	(169)	NM
Other comprehensive income for the year, net of tax	208	(169)	NM
Total comprehensive income for the period	(8,325)	(6,498)	28.1
Total comprehensive income attributable to:			
Owners of the Company	(8,287)	(6,412)	29.2
Non-controlling interests	(38)	(86)	(55.8)
	(8,325)	(6,498)	28.1

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

	Group		Incr/ (decr) %
	6 Months Ended		
	30/09/2020	30/09/2019	
	S\$'000	S\$'000	
Acquisition and restructuring cost	571	1,359	(58.0)
Amortization of intangible assets	291	-	NM
Depreciation	3,388	3,541	(4.3)
Depreciation - Right of use assets (ROU)	1,156	923	25.2
Foreign exchange loss	1,129	265	326.0
Impairment of trade receivables	489	-	NM
Interest expense	853	1,159	(26.4)
Gain on disposal of assets held for sale	-	(4,392)	(100.0)
Impairment of assets held for sales	959	-	NM

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

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/09/2020 S\$'000	31/03/2020 S\$'000	30/09/2020 S\$'000	31/03/2020 S\$'000
<u>ASSETS</u>				
Current assets				
Cash and bank balances	12,805	18,881	176	564
Trade receivables	26,652	32,056	2,647	-
Contract assets	1,025	1,859	1,018	2,860
Other receivables	5,096	4,818	219	405
Income tax receivables	45	62	-	-
Inventories	48,512	53,333	-	-
	<u>94,135</u>	<u>111,009</u>	<u>4,060</u>	<u>3,829</u>
Assets held for sale	2,364	3,323	-	-
Total current assets	<u>96,499</u>	<u>114,332</u>	<u>4,060</u>	<u>3,829</u>
Non-current assets				
Property, plant and equipment	69,507	73,121	90	130
Right of use assets	8,612	7,339	25	41
Club membership	27	27	-	-
Intangible assets	3,031	3,245	3,031	3,245
Deferred tax assets	326	326	-	-
Subsidiary	-	-	162,317	161,617
Associates	42	42	-	-
Total non-current assets	<u>81,545</u>	<u>84,100</u>	<u>165,463</u>	<u>165,033</u>
Total assets	<u>178,044</u>	<u>198,432</u>	<u>169,523</u>	<u>168,862</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	20,596	27,226	-	-
Contract liabilities	871	909	-	-
Other payables	7,725	12,153	3,036	1,935
Provision	408	408	-	-
Current portion of bank borrowings	13,446	13,896	-	-
Current portion of lease liabilities	2,759	2,207	1,012	889
Income tax payable	7	131	-	-
Total current liabilities	<u>45,812</u>	<u>56,930</u>	<u>4,048</u>	<u>2,824</u>
Non-current liabilities				
Bank borrowings	20,487	22,178	-	-
Lease liabilities	8,441	7,694	1,189	1,467
Deferred tax liabilities	20	21	-	-
Total non-current liabilities	<u>28,948</u>	<u>29,893</u>	<u>1,189</u>	<u>1,467</u>
Total liabilities	<u>74,760</u>	<u>86,823</u>	<u>5,237</u>	<u>4,291</u>
Net assets	<u>103,284</u>	<u>111,609</u>	<u>164,286</u>	<u>164,571</u>

STATEMENTS OF FINANCIAL POSITION - continued

	Group		Company	
	30/09/2020	31/03/2020	30/09/2020	31/03/2020
	S\$'000	S\$'000	S\$'000	S\$'000
Capital, reserves and non-controlling interests				
Share capital	166,256	166,256	166,256	166,256
Accumulated losses	(64,313)	(55,815)	(1,970)	(1,685)
Translation reserve	850	639	-	-
Other reserve	598	598	-	-
Equity attributable to owners of the Company	103,391	111,678	164,286	164,571
Non-controlling interests	(107)	(69)	-	-
Total equity	<u>103,284</u>	<u>111,609</u>	<u>164,286</u>	<u>164,571</u>
Total liabilities and equity	<u>178,044</u>	<u>198,432</u>	<u>169,523</u>	<u>168,862</u>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

	30/09/2020		31/03/2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	1,292	-	1,283	-
Short term loans	9,500	-	9,453	-
Lease liabilities	1,026	1,733	913	1,294
Overdrafts	2,654	-	3,160	-
	<u>14,472</u>	<u>1,733</u>	<u>14,809</u>	<u>1,294</u>

Amount repayable after one year

	30/09/2020		31/03/2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Term loans	20,487	-	22,178	-
Lease liabilities	1,214	7,227	1,499	6,195
	<u>21,701</u>	<u>7,227</u>	<u>23,677</u>	<u>6,195</u>

Details of any collaterals

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 Months Ended	
	30/09/2020	30/09/2019
	S\$'000	S\$'000
Operating activities		
Loss before income tax	(8,489)	(6,328)
Adjustments for :		
Interest expense	853	1,159
Interest income	(8)	(16)
Depreciation	3,388	3,541
Depreciation - right of use assets	1,156	923
Amortization of intangible assets	291	-
Impairment of trade receivables	489	-
Doubtful trade receivables recovered	(127)	(28)
Other receivables written off	31	-
Loss on disposal of plant and equipment	2	51
Impairment of assets held for sales	959	-
Gain on disposal of assets held for sales	-	(4,392)
Net foreign exchange gain- unrealized	(48)	(247)
Operating cash flows before movements in working capital	<u>(1,503)</u>	<u>(5,337)</u>
Trade receivables	4,811	(1,937)
Contract assets	829	632
Other receivables and prepayments	(430)	824
Inventories	4,497	4,550
Trade payables	(6,351)	2,868
Contract liabilities	(28)	299
Other payables	(3,007)	933
Bank bills payable	-	67
Cash (used in) generated from operations	<u>(1,182)</u>	<u>2,899</u>
Interest paid for bank bills	-	(3)
Interest received	8	16
Income tax paid	(149)	(10)
Net cash (used in) from operating activities	<u>(1,323)</u>	<u>2,902</u>

CONSOLIDATED STATEMENT OF CASH FLOWS - continued

Group
6 Months Ended
30/09/2020 **30/09/2019**
S\$'000 **S\$'000**

Investing activities

Proceeds from disposal of plant and equipment	304	253
Purchase of plant and equipment	(936)	(6,580)
Proceed of sales of asset classified as held for sale	-	4,653
Additions to intangible asset	(56)	(377)
Fixed deposits withdrawn (placement)	10	(102)
Net cash used in investing activities	(678)	(2,153)

Financing activities

Interest paid for other borrowings	(744)	(1,112)
Repayment of obligations under finance leases	(1,080)	(928)
Repayment of bank loans	(1,649)	(11,060)
Restricted cash at bank	416	(1,742)
Net cash used in financing activities	(3,057)	(14,842)

Net decrease in cash and cash equivalents	(5,058)	(14,093)
Effect of exchange rate changes on cash and cash equivalents	(85)	38
Cash and cash equivalents at beginning of the year	13,978	26,652
Cash and cash equivalents at end of the year	8,835	12,597

Cash and cash equivalents comprise the following:

Cash and bank balances	12,805	17,051
Fixed deposit	(48)	(892)
Restricted cash at bank	(1,269)	(2,559)
Bank overdraft	(2,653)	(1,003)
	8,835	12,597

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

STATEMENT OF CHANGES IN EQUITY

	Share capital	(Accumulated losses) Retained earnings	Translation reserve	Merger reserves	Revaluation reserves	Attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
At 1 April 2020	166,256	(55,815)	639	(19,769)	20,367	111,678	(69)	111,609
Total comprehensive income for the period								
Loss for the period	-	(8,498)	-	-	-	(8,498)	(35)	(8,533)
Other comprehensive income for the period	-	-	211	-	-	211	(3)	208
Total	-	(8,498)	211	-	-	(8,287)	(38)	(8,325)
At 30 September 2020	166,256	(64,313)	850	(19,769)	20,367	103,391	(107)	103,284
At 1 April 2019	166,256	(44,730)	1,067	(19,769)	20,367	123,191	69	123,260
Total comprehensive income for the period								
Loss for the period	-	(6,245)	-	-	-	(6,245)	(84)	(6,329)
Other comprehensive income for the period	-	-	(167)	-	-	(167)	(2)	(169)
Total	-	(6,245)	(167)	-	-	(6,412)	(86)	(6,498)
At 30 September 2019	166,256	(50,975)	900	(19,769)	20,367	116,779	(17)	116,762
Company								
At 1 April 2020	166,256	(1,685)	-	-	-	164,571	-	164,571
Loss for the period, representing total comprehensive income for the period	-	(285)	-	-	-	(285)	-	(285)
At 30 September 2020	166,256	(1,970)	-	-	-	164,286	-	164,286
At 1 April 2019	166,256	552	-	-	-	166,808	-	166,808
Profit for the period, representing total comprehensive income for the period	-	(1,628)	-	-	-	(1,628)	-	(1,628)
At 30 September 2019	166,256	(1,076)	-	-	-	165,180	-	165,180

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

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

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

The total number of issued shares excluding treasury shares.

	30/09/2020	31/03/2020
	2,597,374,250	2,597,374,250

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

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

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

As at 30 September 2020, there were no sales, transfers, cancellation and / or use of subsidiary holdings.

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

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

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

Not applicable.

3a. 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 material uncertainty relating to going concern.

Not applicable.

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

Except as disclosed in paragraph 5, the Group has adopted the same accounting policies and methods of computation in the announcement for the current financial period as those applied in the Group's most recently audited financial statements for the financial year ended 31 March 2020 as well as all the applicable Singapore Financial Reporting Standards International ("SFRS (I)") which became effective for the financial year beginning on or after 1 April 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect, of the change

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2020. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year after deducting any provision for preference dividends

	Group	
	6 Months Ended	
	30/09/2020	30/09/2019
Net loss after tax attributable to owners of the Company (S\$'000)	(8,498)	(6,245)
Weighted average number of ordinary shares for calculation of ('000):		
- Basic earnings per share *	2,597,374	2,597,374
- Diluted earnings per share *	2,597,374	2,597,374
Earnings per share ("EPS") (cents/share)		
(a) Based on weighted average number of ordinary shares	(0.33)	(0.24)
(b) On a fully diluted basis	(0.33)	(0.24)

The Company has no dilutive equity instruments as at 30 September 2020.

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

	Group		Company	
	30/09/2020	31/03/2020	30/09/2020	31/03/2020
Net asset value attributable to shareholders of the Company (S\$'000)	103,391	111,678	164,286	164,571
Number of ordinary shares ('000)	2,597,374	2,597,374	2,597,374	2,597,374
Net asset value per ordinary share (cents)	3.98	4.30	6.33	6.34

8. Review of the Group's performance 1H FY2021 vs 1H FY2020

Revenue

	6 months Ended		Incr/
	30/09/2020	30/09/2019	(decr)
	S\$'000	S\$'000	%
Marine	35,281	34,808	1.4
Energy	22,336	31,940	(30.1)
Total	<u>57,617</u>	<u>66,748</u>	(13.7)

For the six months ended 30 September 2020 ("1H FY2021"), the Group's revenue was S\$57.6 million, representing a decrease of S\$9.1 million or 13.7% compared to S\$66.7 million for the corresponding period ended 30 September 2019 ("1H FY2020"). The Marine revenues in 1H FY2021 outperformed the prior year, while the Energy revenues underperformed the prior year. The revenues segmented by business show the Marine business contributed revenue of S\$35.2 million for an increase of 1.3% compared to 1H FY2020. The Energy business contributed revenue of S\$22.3 million for a decrease of 30.1% compared to 1H FY2020. In 1H FY2021, the Marine and Energy business segments contributed 61.2% and 38.8% to the Group's total revenue respectively.

Gross Profit

The Group reported gross profit of S\$10.8 million in 1H FY2021, representing a 15.7% or S\$2.0 million decrease compared to a gross profit of S\$12.8 million in 1H FY2020. The gross profit margin for 1H FY2021 was 18.8%, 0.4 percentage points lower than 19.2% gross profit margin for 1H FY2020. This was largely due to a stock loss adjustment of S\$0.23 million in 1H FY2021. Excluding the one-off adjustments, 1H FY2021 gross profit margin would have been 19.2%.

Distribution costs

Distribution costs decreased by 33.2% to S\$4.1 million in 1H FY2021 compared to S\$6.1 million in 1H FY2020 due largely to improved cost management in 1H FY2021 together with lower warehouse operating, transportation and travelling expense.

Administrative expenses

Administrative expenses decreased by 25.6% to S\$10.8 million in 1H FY2021 compared to S\$14.5 million in 1H FY2020. The decrease was largely due to better cost management in 1H FY2021 and increased efforts to control costs in view of the changing business operating environment.

Other operating income

In 1H FY2021 other operating income of \$0.7 million represents rental income, interest income, government grants, and recovery of bad debts. In 1H FY2020, the Group completed the divestment of one outdated and unnecessary Singapore properties for total sales proceeds of S\$4.7 million. This divestiture resulted in a gain on the disposal of assets held for sale of S\$4.4 million, resulting in the significantly higher other operating income in 1H FY2020 of S\$4.5 million as compared to the S\$0.7 million in 1H FY2021.

Other operating expenses

Other operating expenses increased by 125.2% to S\$4.3 million in 1H FY2021 compared to the S\$1.9 million in 1H FY2020. The 1H FY2021 operating expenses included: (i.) a non-recurring expenses of S\$1.1 million and restructuring cost of S\$0.5 million, (ii.) a S\$1.1 million foreign exchange loss from the depreciation of USD against SGD, (iii.) an impairment of S\$1.0 million on assets held for sale (undeveloped land in Johor, Malaysia) already contracted for sale, and (iv.) trade debt impairment provision of S\$0.5 million. The non-recurring expenses included \$0.4 million related to an employee's misappropriation of cash as disclosed by the Group's SGX announcement of 9 November 2020.

Finance cost

The finance cost in 1H FY2021 decreased by 26.4% as compared to 1H FY2020 due to repayment of bank borrowings as well as lower interest rates.

Loss before income tax

In 1H FY2021, the Group reported a loss before income tax of S\$8.5 million, 34.1% higher than the S\$6.3 million in 1H FY2020. This 1H FY2021 loss was partially due to a non-recurring expense and restructuring cost of S\$1.2 million plus the impairment of assets held for sale of S\$1.0 million in 1H FY2021.

Review of statement of financial position

Current assets

Current assets decreased 15.6% (or S\$17.8 million) from S\$114.3 million as at 31 March 2020 to S\$96.5 million as at 30 September 2020. The decrease was mainly due to: (i.) a decrease in cash and cash equivalents of S\$6.1 million, (ii.) a decrease in receivables of S\$5.4 million (iii.) a decrease in inventories by S\$4.8 million due to inventories sales during the normal course of business, and (iv.) a decrease in assets held for sale of S\$1.0 million due to impairment. The Group has entered a contract to sell the assets held for sale (undeveloped land in Johore, Malaysia) in the next several months for a price equivalent to the balance sheet amount.

Non-current assets

Non-current assets decreased 3.0% (or by S\$2.5 million) from S\$84.1 million as at 31 March 2020 to S\$81.6 million as at 30 September 2020. The decrease was mainly due to decrease in Property, Plant & Equipment of S\$3.6 million, offset by the increase in the recognition of S\$2.4 million right of use assets less depreciation of right of use assets of S\$1.2 million. The decrease in Property, Plant & Equipment was mainly due to depreciation of S\$3.4 million and disposal of S\$0.4 million.

Current liabilities

Current liabilities decreased 19.5% (or by S\$11.1 million) from S\$56.9 million as at 31 March 2020 to S\$45.8 million as at 30 September 2020. The decrease was mainly due to: (i.) a decrease in trade payables of S\$6.6 million, and (ii.) a decrease in other payables of S\$4.4 million.

Non-current liabilities

Non-current liabilities decreased 3.3% (or by S\$1.0 million) from S\$29.9 million as at 31 March 2020 to S\$28.9 million as at 30 September 2020. The decrease was mainly due to repayment of bank borrowings amounting S\$1.7 million, offset by an increase in leased liabilities of S\$0.7 million.

Capital, reserves and non-controlling interests

Shareholders' equity decreased 7.4% from S\$111.7 million in 1H FY2020 to S\$103.4 million in 1H FY2021, mainly due to loss of S\$8.5 million incurred in 1H FY2021.

Review of statement of Cash Flows for

1H FY2021 ended 30 September 2020

Net cash used in operating activities

Net cash used in operating activities was S\$1.3 million in 1H FY2021 compared to S\$2.9 million net cash generated from operating activities for 1H FY2020.

Operating cash outflow was S\$1.5 million in 1H FY2021 before changes in working capital.

Net working capital inflow was S\$0.4 million in 1H FY2021. This was mainly due to (i.) a total decrease in trade receivables, other receivables and contract assets of S\$5.2 million due to aggressive collection efforts, (ii.) a decrease in inventories by S\$4.5 million resulting from sales during the normal course of business and efforts to reduce inventory, and (iii.) offset by a net decrease in trade payables, other payables and contract liabilities of S\$9.4 million.

Net cash used in investing activities

Net cash flow used in investing activities amounted to S\$0.7 million in 1H FY2021 mainly due to payment for purchase and construction of Property, Plant & Equipment of S\$0.9 million less proceeds received from the disposal of Property, Plant & Equipment of S\$0.3 million.

Net cash used in financing activities

Net cash used in financing activities was S\$3.1 million in 1H FY2021. This was mainly due to the repayment of bank borrowings and related interest of S\$2.4 million plus leased liabilities and related interest of S\$1.1 million offset with reduction in the restricted cash of S\$0.4 million.

As at 30 September 2020, the Group's cash and bank balances stood at S\$12.8 million.

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

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

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

AMOS supplies products, services, and solutions to Marine and Energy customers from its 12 fulfilment centers spanning Asia, the Middle East, and Europe. Global events and economic conditions impact AMOS in a variety of these markets, sometimes singularly and more recently all at once.

Since the start of 1H FY2021 the key trends impacting AMOS have included Covid-19 and its concomitant economic impact. First, there was a drop in overall economic activity in all locations served by AMOS. Second, the dramatic drop in oil and energy prices starting in March 2020, and hitting its lowest point in April 2020, has severally depressed activity amongst AMOS's Energy customers during 1H FY2021. Third, there has been disruptions to AMOS's normal business operations as we implemented safety protocols and practices for our staff and adapted to changes in work practices.

In response to the Covid-19 threat AMOS in early March 2020 implemented actions to generate and safeguard cash, implement cost control measures, and enhance corporate governance. The plans to increase cash centered on cutting operating costs, reducing any unnecessary assets, and collecting outstanding amounts due to AMOS. The cost control measures included a \$5.8 million (or 28%) cut in both distribution costs and administrative costs in 1H FY2021 compared to the same period last year in 1H FY2021. We are continuing to be focused on cost reduction as we transform the business.

The results for 1H FY2021 show positive trends and reasons for future optimism. The 1H FY2021 EBITDA of \$786 thousand was a significant improvement over the EBITDA loss of \$3.3 million for the previous period 1H FY2020. AMOS also improved its overall financial health in 1H FY2021. During the 1H-21 AMOS reduced current assets by \$17.8 million (or 15.6%) to \$96.5 million. The cash raised in 1H FY2021 from EBITDA operating profits plus reducing current assets was used to reduce payables for the business (Trade Payables, Contract Liabilities, and Other Payables) by \$11.1 million or 27.5% to \$29.2 million and reduce total Bank Borrowings by \$2.1 million or 6% to \$33.9 million.

Going forward there are business opportunities for AMOS to seize. The shipping industry has been enjoying a good year as airline cargo has been greatly reduced and commercial trade has remained buoyant. For example, the Drewry Composite World Container index (Bloomberg: WCIDCOMP as at 8-Oct-20) shows the cargo rates on an index of standard 40-foot containers on typical trade routes is now at a 10-year high. The AMOS Marine business has benefitted from this strength in the shipping industry. While the Energy sector is challenged by softness in oil prices, AMOS has been able to capture opportunities in alternatives such as windfarm installations.

AMOS is continuing its business transformation strategy initiated in 2019 to upgrade management practices, embrace the use of digital technology, and introduce new Alcona products. This transformation strategy continued into 2020 with significant reductions in staff headcount, modifications to the business structure, and new product developments. During the past few months AMOS management has uncovered an employee's misappropriation of cash. (Please refer to announcement made on 9 November 2020.) As a result, AMOS together with outside consultants has initiated a series of modifying management policies and procedures. AMOS is committed to strengthening its internal control and governance practices to match global best practices.

The geopolitical pressures across Asia and economic challenges across global markets have produced a highly volatile environment. AMOS continues to aggressively transform itself into a business capable of succeeding in the future. The world changes and AMOS is ready.

11. Dividend

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

Nil

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

No

11(c) Date payable

Not applicable.

11(d) Books closure date

Not applicable.

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

No dividend has been declared as the Group has incurred a loss for the 1H FY2021 ended 30 September 2020.

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

Not applicable as no IPT mandate has been obtained.

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

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

15. Negative confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 6 months ended 30 September 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

KYLE ARNOLD SHAW, JR
Executive Chairman
12 November 2020