

CITIC ENVIROTECH LTD. (Company registration number: 200306466G)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

Second Quarter Financial Statement & Dividend Announcement for the Period Ended 30 June 2018

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

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group (\$'000)	3 months ended 30/6/2018	3 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)	6 months ended 30/6/2018	6 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)
Revenue	279,919	111,650	150.7	527,042	211,252	149.5
Finance income from service concession	11,092	11,593	(4.3)	23,184	23,185	-
	291,011	123,243	136.1	550,226	234,437	134.7
Other income	5,851	4,372	33.8	9,012	19,317	(53.3)
Changes in inventories	(7,466)	(651)	1,046.9	(1,182)	6,761	N/M
Material purchased, consumables used and subcontractors' fees	(176,000)	(59,075)	197.9	(344,223)	(126,742)	171.6
Employee benefits expense	(14,348)	(11,683)	22.8	(27,512)	(24,397)	12.8
Depreciation and amortisation expenses	(7,932)	(7,771)	2.1	(16,161)	(14,069)	14.9
Other operating expenses	(21,874)	(13,059)	67.5	(32,890)	(29,356)	12.0
Finance costs	(10,565)	(9,544)	10.7	(19,835)	(15,706)	26.3
Share of profit of associates	1,335	1,182	12.9	741	1,337	(44.6)
Profit before income tax	60,012	27,014	122.2	118,176	51,582	129.1
Income tax expense	(16,499)	(7,672)	115.1	(32,921)	(15,169)	117.0
Net profit for the period	43,513	19,342	125.0	85,255	36,413	134.1

[#] Finance income represents the interest income on the long-term receivables recognised in respect of the service concession arrangements in accordance with INT FRS 112 Service Concession Arrangements.

The Group (\$'000)	3 months ended 30/6/2018	3 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)	6 months ended 30/6/2018	6 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)
Statement of Comprehensive Income						
Profit attributable to:						
Owners of the Company	43,325	21,444	102.0	82,657	34,756	137.8
Non-controlling interests	188	(2,102)	N/M	2,598	1,657	56.8
Profit for the period	43,513	19,342	125.0	85,255	36,413	134.1
Currency translation gain (loss)	(25,035)	5,595	N/M	(42,121)	(21,339)	97.4
Total other comprehensive income for the period	(25,035)	5,595	N/M	(42,121)	(21,339)	97.4
Total comprehensive income for the period	18,478	24,937	(25.9)	43,134	15,074	186.1
Total comprehensive income attributable to:						
Owners of the company	19,115	19,781	(3.4)	40,536	13,417	202.1
Non-controlling interests	(637)	5,156	N/M	2,598	1,657	56.8
Total comprehensive income for the period	18,478	24,937	(25.9)	43,134	15,074	186.1

1(a)(ii) Breakdown to statement of comprehensive income

The Group (\$'000)	3 months ended 30/6/2018	3 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)	6 months ended 30/6/2018	6 months ended 30/6/2017 (Restated)	% Increase/ (Decrease)
Employee share option expense	342	409	(16.4)	342	817	(58.1)
Interest expense on bank borrowings and finance leases	9,667	6,908	39.9	16,329	10,462	(56.1)
Interest expense on MTN bond	898	2,636	(65.9)	3,506	5,244	(33.1)
Interest income	(982)	(636)	54.4	(1,751)	(1,186)	47.6
Foreign currency exchange loss/(gain)	6,373	(1,647)	N/M	1,226	3,522	65.2
(Gain)/Loss on disposal of subsidiaries	(3,136)	-	N/M	(3,136)	781	N/M
Allowance for doubtful receivables	562	-	N/M	562	-	N/M
Reversal of allowance for doubtful receivables	(284)	-	N/M	(284)	-	N/M

N/M: 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 30/6/2018 \$'000	Group 31/12/2017 \$'000 (Restated)	Group 1/1/2017 \$'000 (Restated)	Company 30/6/2018 \$'000	Company 31/12/2017 \$'000
ASSETS					
Current assets:					
Cash and bank balances	328,235	631,304	493,541	33,908	259,081
Trade receivables	323,633	267,518	240,414	-	-
Service concession receivables	6,075	6,113	6,248	-	-
Other receivables and prepayments	314,517	204,550	141,233	972,976	918,580
Inventories	24,188	25,370	13,777	-	-
Prepaid leases	3,443	2,134	736	-	-
	1,000,091	1,136,989	895,949	1,006,884	1,177,661
Assets classified as held for sale	-	55,546	55,645	-	-
Total current assets	1,000,091	1,192,535	951,594	1,006,884	1,177,661
Non-current assets:					
Contract assets	110,194	291,801	9,412	-	-
Service concession receivables	718,959	672,826	597,191	-	-
Other receivables and prepayments	34,258	32,163	15,577	-	-
Prepaid leases	89,491	85,850	39,996	-	-
Subsidiaries	-	-	-	627,148	595,233
Associates	40,851	29,720	17,807	10,588	10,588
Property, plant and equipment	1,223,346	720,545	374,470	270	309
Goodwill	255,365	255,365	255,365	-	-
Intangible assets	274,257	252,636	271,894	200	200
Available-for-sale financial asset	3,747	2,660	-	-	-
Deferred tax assets	567	470	1,111	-	-
Total non-current assets	2,751,035	2,344,036	1,582,823	638,206	606,330
Total assets	3,751,126	3,536,571	2,534,417	1,645,090	1,783,991
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	190,824	197,070	76,499	-	-
Medium term notes	-	224,559	-	-	224,559
Trade payables	915,996	692,519	301,029	-	-
Other payables	88,506	85,587	77,849	161,878	172,883
Finance leases	108	116	161	39	39
Income tax payable	65,551	55,336	29,273	-	-
	1,260,985	1,255,187	484,811	161,917	397,481
Liabilities directly associated with assets classified as held for sale	-	4,779	31,952	-	-
Total current liabilities	1,260,985	1,259,966	516,763	161,917	397,481
Non-current liabilities:					
Bank loans	484,712	387,725	256,868	-	-
Finance leases	185	236	169	119	139
Medium term notes	-	-	223,449	-	-
Deferred tax liabilities	57,273	52,294	45,432	-	-
Total non-current liabilities	542,170	440,255	525,918	119	139

	Group 30/6/2018 \$'000	Group 31/12/2017 \$'000 (Restated)	Group 1/1/2017 \$'000 (Restated)	Company 30/6/2018 \$'000	Company 31/12/2017 \$'000
Capital, reserves and non-controlling interests:					
Share capital	710,429	622,741	608,063	710,429	622,741
Perpetual capital securities	717,600	717,600	481,250	717,600	717,600
General reserve	10,673	10,569	7,414	-	-
Capital reserve	6,073	6,073	2,096	-	-
Share option reserve	14,895	21,848	27,782	14,895	21,848
Currency translation reserve	(26,281)	(19,156)	(11,999)	(3,051)	(13,005)
Retained earnings	356,692	324,419	260,981	43,181	37,187
Equity attributable to owners of the Company	1,790,081	1,684,094	1,375,587	1,483,054	1,386,371
Non-controlling interests	157,890	152,256	116,149	-	-
Total equity	1,947,971	1,836,350	1,491,736	1,483,054	1,386,371
Total liabilities and equity	3,751,126	3,536,571	2,534,417	1,645,090	1,783,991

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

<u>As at 30/6/2018</u>		<u>As at 31/12/2017</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
190,932	-	197,186	224,559

Amount repayable after one year

<u>As at 30/6/2018</u>		<u>As at 31/12/2017</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
484,897	-	387,961	-

Details of any collateral

1. The finance leases of \$293,000 (31 December 2017: \$352,000) is secured over the Group's motor vehicles.
2. The bank loans of \$675,536,000 (31 December 2017: \$584,795,000) are secured over the concession receivables, intangible assets, treatment plants, prepaid lease and leasehold buildings of its subsidiaries.

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

The Group (\$'000)	3 months ended 30/6/2018	3 months ended 30/6/2017 (Restated)	6 months ended 30/6/2018	6 months ended 30/6/2017 (Restated)
Operating activities				
Profit before income tax	60,012	27,014	118,176	51,582
Adjustments for:				
Interest income	(982)	(636)	(1,751)	(1,186)
Interest expense	10,565	9,544	19,835	15,706
Share of profit of associates	(1,335)	(1,182)	(741)	(1,337)
Depreciation and amortisation	7,932	7,771	16,161	14,069
Share option expense	342	409	342	817
Allowance for doubtful receivables	562	-	562	-
Reversal of allowance for doubtful receivables	(284)	-	(284)	-
(Gain)/Loss on disposal of subsidiaries	(3,136)	-	(3,136)	781
Exchange differences arising on foreign currency translation	12,855	21,442	4,123	19,239
Operating profit before working capital changes	86,531	64,362	153,287	99,671
Contract assets	55,814	24,382	23,232	9,412
Trade receivables	(37,357)	24,590	(59,385)	14,567
Other receivables	(33,526)	(71,681)	(48,484)	(91,324)
Inventories	7,426	651	1,126	(6,761)
Trade payables	(44,574)	16,724	(85,948)	29,922
Other payables	31,600	13,465	24,070	5,148
Cash generated from operations	65,914	72,493	7,898	60,635
Interest received	982	636	1,751	1,186
Interest paid	(14,789)	(11,845)	(21,161)	(15,064)
Income tax paid	(4,078)	(3,002)	(10,561)	(8,129)
Net cash generated from (used in) operating activities	48,029	58,282	(22,073)	38,628
Investing activities				
Acquisition of non-controlling shareholders in a subsidiary	-	-	-	(1,316)
Addition to property, plant and equipment	(91,714)	(96,878)	(119,642)	(121,728)
Addition to intangible assets	-	(2,077)	(307)	(5,899)
Addition to prepaid lease	-	(6,985)	-	(24,569)
Addition to deposits for investment projects	(62,026)	-	(62,026)	(51,042)
Investment in associates	-	-	-	(6,967)
Investment in joint ventures	-	(524)	(1,087)	(524)
Disposal of subsidiary	10,378	-	10,378	21,718
Net cash used in investing activities	(143,362)	(106,464)	(172,684)	(190,327)
Financing activities				
Contribution from non-controlling shareholders	706	3,785	3,035	6,047
Dividend paid	(53,251)	(36,360)	(53,251)	(36,360)
New bank loans raised	278,669	248,131	283,722	281,231
Redemption of medium term notes	(225,000)	-	(225,000)	-
Proceeds from issuing new shares	10,203	6,748	80,937	6,748
Share buy-back and cancellation of shares	(544)	-	(544)	(3,213)
Repayment of obligations under finance leases	(31)	(11)	(60)	(40)
Repayment of bank borrowings	(154,398)	(28,279)	(199,631)	(41,151)
Net cash (used in) generated from financing activities	(143,646)	194,014	(110,792)	213,262

The Group (\$'000)	3 months ended 30/6/2018	3 months ended 30/6/2017 (Restated)	6 months ended 30/6/2018	6 months ended 30/6/2017 (Restated)
Net (decrease) increase in cash and cash equivalents	(238,979)	145,832	(305,549)	61,563
Cash and cash equivalents at beginning of period	568,038	399,474	631,304	493,541
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(824)	(5,689)	2,480	(15,487)
Cash and cash equivalents at end of period	328,235	539,617	328,235	539,617

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.

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2018 (Restated)	622,741	717,600	10,569	6,073	21,848	(19,156)	324,419	1,684,094	152,256	1,836,350
Profit for the year	-	-	-	-	-	-	39,332	39,332	2,410	41,742
Other comprehensive income for the period						17,085	-	17,085	826	17,911
Total comprehensive income for the period	-	-	-	-	-	17,085	39,332	56,417	3,236	59,653
Issuance of new shares	70,734	-	-	-	-	-	-	70,734	-	70,734
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	947	947
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	1,382	1,382
Dividend payable	-	-	-	-	-	-	(8,619)	(8,619)	-	(8,619)
At 31 March 2018 (Restated)	693,475	717,600	10,569	6,073	21,848	(2,071)	355,132	1,802,626	157,821	1,960,447
Profit for the year	-	-	-	-	-	-	43,325	43,325	188	43,513
Other comprehensive income for the period	-	-	-	-	-	(24,210)	-	(24,210)	(825)	(25,035)
Total comprehensive income for the period	-	-	-	-	-	(24,210)	43,325	19,115	(637)	18,478
Recognition of share based payment	-	-	-	-	342	-	-	342	-	342
Issuance of shares on exercise of ESOS	17,498	-	-	-	(7,295)	-	-	10,203	-	10,203
Share buy-back and cancellation of shares	(544)	-	-	-	-	-	-	(544)	-	(544)
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	706	706
Transfer to general reserve	-	-	104	-	-	-	(104)	-	-	-
Dividend paid/payable	-	-	-	-	-	-	(41,661)	(41,661)	-	(41,661)
At 30 June 2018 (Restated)	710,429	717,600	10,673	6,073	14,895	(26,281)	356,692	1,790,081	157,890	1,947,971

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2017 (Restated)	608,063	481,250	7,414	2,096	27,782	(11,999)	260,981	1,375,587	116,149	1,491,736
Profit for the year	-	-	-	-	-	-	16,354	16,354	717	17,071
Other comprehensive loss for the period	-	-	-	-	-	(19,676)	-	(19,676)	(3,475)	(23,151)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(19,676)	16,354	(3,322)	(2,758)	(6,080)
Recognition of share based payment	-	-	-	-	408	-	-	408	-	408
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	946	946
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	-	-	(3,213)	-	(3,213)
Dividend payable	-	-	-	-	-	-	(6,147)	(6,147)	-	(6,147)
At 31 March 2017 (Restated)	604,850	481,250	7,414	2,096	28,190	(31,675)	271,188	1,363,313	114,337	1,477,650
Profit for the year	-	-	-	-	-	-	21,444	21,444	(2,102)	19,342
Other comprehensive income for the period	-	-	-	-	-	(1,663)	-	(1,663)	7,258	5,595
Total comprehensive income for the period	-	-	-	-	-	(1,663)	21,444	19,781	5,156	24,937
Issuance of shares on exercise of ESOS	11,658	-	-	-	(4,910)	-	-	6,748	-	6,748
Recognition of share based payment	-	-	-	-	409	-	-	409	-	409
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	3,785	3,785
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	(29,523)	(29,523)	-	(29,523)
At 30 June 2017 (Restated)	616,508	481,250	7,414	2,096	23,689	(33,338)	263,109	1,360,728	123,278	1,484,006

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2018	622,741	717,600	21,848	(13,005)	37,187	1,386,371
Loss for the year	-	-	-	-	(8,062)	(8,062)
Other comprehensive income for the period	-	-	-	9,126	-	9,126
Total comprehensive income/(loss) for the period	-	-	-	9,126	(8,062)	1,064
Dividend payable	-	-	-	-	(8,619)	(8,619)
Issuance of new shares	70,734	-	-	-	-	70,734
At 31 March 2018	693,475	717,600	21,848	(3,879)	20,506	1,449,550
Profit for the year	-	-	-	-	64,336	64,336
Other comprehensive income for the period	-	-	-	828	-	828
Total comprehensive income/(loss) for the period	-	-	-	828	64,336	65,164
Issuance of shares on exercise of ESOS	17,498	-	(7,295)	-	-	10,203
Recognition of share-based payment	-	-	342	-	-	342
Share buy-back and cancellation of shares	(544)	-	-	-	-	(544)
Dividend paid/payable	-	-	-	-	(41,661)	(41,661)
At 30 June 2018	710,429	717,600	14,895	(3,051)	43,181	1,483,054

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2017	608,063	481,250	27,782	7,160	22,921	1,147,176
Loss for the year	-	-	-	-	(8,080)	(8,080)
Other comprehensive loss for the period	-	-	-	(11,539)	-	(11,539)
Total comprehensive loss for the period	-	-	-	(11,539)	(8,080)	(19,619)
Recognition of share-based payment	-	-	408	-	-	408
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	(3,213)
Dividend payable	-	-	-	-	(6,147)	(6,147)
At 31 March 2017	604,850	481,250	28,190	(4,379)	8,694	1,118,605
Loss for the year	-	-	-	-	(5,872)	(5,872)
Other comprehensive income for the period	-	-	-	500	-	500
Total comprehensive income/(loss) for the period	-	-	-	500	(5,872)	(5,372)
Issuance of shares on exercise of ESOS	11,658	-	(4,910)	-	-	6,748
Recognition of share-based payment	-	-	409	-	-	409
Issuance of shares on placement	-	-	-	-	-	-
Dividend paid/payable	-	-	-	-	(29,523)	(29,523)
At 30 June 2017	616,508	481,250	23,689	(3,879)	(26,701)	1,090,867

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

Number of ordinary shares as at 1 April 2018	2,368,189,356
Issuance of New Shares on exercise of ESOS	37,831,000
Share buy-back and cancellation of shares	(980,000)
Number of ordinary shares as at 30 June 2018	<u>2,405,040,356</u>

During the period, 18,364,000 of the employee share options were granted and 1,200,000 of the employee share options were cancelled. The total number of shares that may be issued on conversion of all the outstanding employee shares options were 53,342,200 (30 June 2017: 86,256,200).

The perpetual capital securities comprised USD355 million (30 June 2017: 355 million) issued at 5.45% per annum; and S\$240 million (30 June 2017: Nil) issued at 3.9% per annum.

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

	30/6/2018	31/12/2017
Total number of issued shares ('000)	2,405,040	2,284,973

The company does not have any 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.**

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

- 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.

- 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.**

The accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the financial year ended 31 December 2017. The new and revised FRSs and Interpretation of FRS ("INT FRS") that are effective from 1 January 2018 have no material effect on the amounts reported for the current or prior year, except for SFRS(I) 15 *Revenue from Contracts with Customers*.

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.

With the adoption of SFRS(I) 15 *Revenue from Contracts with Customers*, which is effective from 1 January 2018, the effect is as follows.

	Second Quarter 2017	
	Reported under SFRS \$'000	Reported under SFRS(I) \$'000
<u>Group Consolidated Statement of Comprehensive Income</u>		
Revenue	134,405	123,243
Profit for the period	22,230	19,342
Attributable to:		
Owners of the Company	21,002	18,402
Non-controlling interests	1,228	940
	22,230	19,342
Earnings per share (cents)		
- basic	0.93	0.81
- diluted	0.90	0.78
Adjusted earnings per share (cents)		
- basic	0.63	0.51
- diluted	0.61	0.49
 <u>Group Consolidated Balance Sheet</u>		
	As at 31.12.2017	
	Reported under SFRS \$'000	Reported under SFRS(I) \$'000
Non-current assets	2,416,235	2,344,036
Current liabilities	1,327,399	1,259,966
Total equity	1,841,116	1,836,350
Net assets value per share (cents)	80.57	80.37

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.

	Group 3 months ended 30/6/2018	Group 3 months ended 30/6/2017 (Restated)	Group 6 months ended 30/6/2018	Group 6 months ended 30/6/2017 (Restated)
Net profit attributable to shareholders of the Company (\$'000)	43,325	21,444	82,657	34,756
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,376,330	2,260,287	2,333,662	2,260,287
Earnings per share (cents) - Basic	1.82	0.95	3.54	1.54
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,429,672	2,346,543	2,387,004	2,346,543
Earnings per share (cents) – Diluted	1.78	0.91	3.46	1.48

Adjusted EPS	Group 3 months ended 30/6/2018	Group 3 months ended 30/6/2017 (Restated)	Group 6 months ended 30/6/2018	Group 6 months ended 30/6/2017 (Restated)
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	37,275	14,647	67,987	21,812
Weighted average number of shares in issue (in '000) for computation of Basic EPS	2,376,330	2,260,287	2,333,662	2,260,287
Earnings per share (cents) - Basic	1.57	0.65	2.91	0.97
Weighted average number of shares in issue (in '000) for computation of Diluted EPS	2,429,672	2,346,543	2,387,004	2,346,543
Earnings per share (cents) – Diluted	1.53	0.62	2.85	0.93

For the purpose of calculating diluted EPS, assumption was made that all the employee share options will be converted to 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 30/6/2018	Group 31/12/2017 (Restated)	Company 30/6/2018	Company 31/12/2017
Net asset value (\$'000)	1,947,971	1,836,350	1,483,054	1,386,371
Net asset value per share (cents)	81.00	80.37	61.66	60.67

The net asset value per share is calculated based on the issued share capital 2,405,040,356 of (31 December 2017: 2,284,973,276).

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.

Statement of comprehensive income

The Group's revenue for the current period was \$291.0 million, which was \$167.8 million or 136.1% higher than last corresponding period ended 30 June 2017 of \$123.2 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/6/2018 \$'million	Group 3 months ended 30/6/2017 \$'million (Restated)	% increase/ (decrease)
Engineering revenue	112.5	53.3	111.1
Membrane system sales	122.8	23.1	431.6
	235.3	76.4	208.0
Treatment revenue *	55.7	46.8	19.0
Total	291.0	123.2	136.1

* Included finance income from service concessions.

The increase was mainly due to the increase in engineering revenue from \$53.3 million to \$112.5 million, representing an increase of \$59.2 million or 111.1%; and membrane system sales from \$23.1 million to \$122.8 million, representing an increase of \$99.7 million or 431.6%.

Gross profit analysis for engineering and membrane system sales

	Group 3 months ended 30/6/2018 \$'million	Group 3 months ended 30/6/2017 \$'million (Restated)
Engineering revenue	112.5	53.3
Membrane system sales	122.8	23.1
Total	235.3	76.4
Changes in inventories	(7.2)	(0.8)
Material purchased, consumables used and subcontractors' fees [#]	(169.1)	(55.3)
Gross profit	59.0	20.3
GP margin (%)	25.1%	26.6%

[#] Material purchased, consumables used and subcontractors' fees related to engineering and membrane division only.

Materials purchased, consumables used and subcontractors' fees increased to \$176.0 million from \$59.1 million, representing an increase of \$116.9 million or 197.9% as compared to the last corresponding period ended 30 June 2017. The increase was consistent with the increase in engineering revenue and membrane system sales from \$76.4 million to \$235.3 million, representing an increase of \$158.9 million or 208.0% as compared to the last corresponding period ended 30 June 2017.

Other operating expenses increased to \$21.9 million from \$13.1 million, representing an increase of \$8.8 million or 67.5% as compared to the last corresponding period ended 30 June 2017. The increase was mainly due to increase in net foreign currency exchange loss of \$6.4 million during the period (30 June 2017: net foreign currency exchange gain of \$1.6 million).

Profit after tax increased to \$43.5 million from \$19.3 million, representing an increase of \$24.2 million or 125.0% as compared to the last corresponding period ended 30 June 2017.

Statement of financial position

The Group's non-current assets increased from \$2,344.0 million as at 31 December 2017 to \$2,751.0 million as at 30 June 2018. The Increase was mainly due to additions to property, plant and equipment of \$502.8 million.

The Group's non-current liabilities increased from \$440.3 million as at 31 December 2017 to \$542.2 million as at 30 June 2018. The increase was mainly due to the additions of longer-tenure bank loan of \$97.0 million to finance the acquisition of investment projects during the period.

The Group's total equity increased from \$1,836.4 million as at 31 December 2017 to \$1,948.0 million as at 30 June 2018. The increase was mainly due to placement of 83,216,080 of new ordinary shares and issuance of 37,831,000 new ordinary shares on exercise of ESOS during the period.

Statement of cash flow

The net cash used in financing activities of the group increased to \$143.6 million from net cash generated from financing activities of \$194.0 million in the last corresponding period ended 30 June 2017. The net cash used in financing activities for the current period was mainly due to redemption of medium term notes of \$225.0 million during the period. In addition, repayment of bank borrowings increased to \$154.4 million from \$28.3 million in the last corresponding period ended 30 June 2017.

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.

In conjunction with the Singapore International Water Week (“SIWW”) held in July 2018, CEL reaffirmed its commitment to the development and advancement of environmental technologies with the official launch of its recently incorporated wholly-owned subsidiary, Singapore Envirotech Accelerator Pte. Ltd (“SEA”). SEA, supported by the Singapore Economic Development Board, aims to accelerate the innovation and commercialisation of environmental technologies drawn from intellectual properties and Research and Development performed locally and internationally by institutions, industry and technopreneurs.

In addition, the Group’s wholly owned subsidiary Memstar Pte Ltd (“Memstar”), announced the opening of a US\$15 million, 40,500 sq ft membrane manufacturing facility in Conroe, Texas, USA. This is its first plant outside Asia and it will manufacture Memstar’s latest product, the Memstar Advance Reverse Osmosis (“RO”) and Nano Filtration (“NF”) Membrane. The launch of the RO/NF Membrane plant marks a significant milestone for Memstar, which is currently a global leading manufacturer of microfiltration (“MF”) and ultrafiltration (“UF”) membrane. The RO/NF membrane complements the Group’s manufacturing capabilities and enables it to offer a complete range of membrane filtration products.

CEL remains upbeat on the opportunities available in the environment protection industry in China. Besides securing more projects in the water segment, the Group has increased its presence in related environmental services such as ecological restoration, hazardous waste treatment, sludge management and integrated environmental services.

Update of the use of proceeds

	\$ million
Balance brought forward	70
Issuance of new shares pursuant to exercise of ESOS	11
Investment in Project Xiaochang	(15)
Unutilised balance as at date of announcement	66

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Interim
Dividend Amount per Share (in cents)	0.50
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(c) Date payable

15 August 2018.

(d) Books closure date

Notice is hereby given that, the Shares Transfer Books and Register of Members of the Company will be closed on 2 August 2018 at 5.00 p.m. for the purpose of determining Members' entitlements to the Proposed Interim Dividend. Duly completed registrable transfers in respect of ordinary shares in the capital of the Company received up to the close of business at 5.00 p.m. on 2 August 2018 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be entitled to the Proposed Interim Dividend.

Members whose Securities Accounts with the The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 2 August 2018 will be entitled to the Proposed Interim Dividend.

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

Interim dividends have been declared/recommended.

13. Related parties and interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not Applicable

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable

16. A breakdown of sales.

Not Applicable

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable

18. **Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders**

Not applicable

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Second Quarter Results of the Group for the period ended 30 June 2018 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for the periods presented in this report.

On behalf of the Board

Hao Weibao
Director

Zhang Yong
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
25 July 2018