



ECOWISE HOLDINGS LIMITED
Company Registration No. 200209835C

Unaudited Financial Statements for the First Quarter Ended 31 January 2018

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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.

	Group		
	Q1 FY2018 (S\$'000)	Q1 FY2017 (S\$'000)	% Change
Revenue	14,535	11,984	21.3%
Cost of Sales	(12,366)	(9,539)	29.6%
Gross Profit	2,169	2,445	(11.3%)
<u>Other Items of Income</u>			
Finance Income	12	15	(20.0%)
Other Gains	61	48	27.1%
<u>Other Items of Expenses</u>			
Marketing and Distribution Expenses	(628)	(673)	(6.7%)
Administrative Expenses	(2,264)	(2,130)	6.3%
Finance Costs	(283)	(234)	20.9%
Other Losses	(91)	(133)	(31.6%)
Share of Results from Associate and Jointly-Controlled Entity, Net of Tax	(46)	(558)	(91.8%)
Loss Before Income Tax	(1,070)	(1,220)	(12.3%)
Income Tax Income	170	133	27.8%
Loss for the Period	(900)	(1,087)	(17.2%)
<u>Other Comprehensive Income/(Loss)</u>			
<u>Items that may be Reclassified Subsequently to Profit or Loss:</u>			
Exchange Differences on Translating Foreign Operations, Net of Tax	878	(454)	(293.4%)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(1)	7	(114.3%)
Total Other Comprehensive Income/(Loss) for the Period	877	(447)	(296.3%)
Total Comprehensive Loss for the Period	(23)	(1,534)	(98.5%)
(Loss)/Income for the Period Attributable to:			
Owners of the Company	(952)	(1,109)	(14.2%)
Non-Controlling Interests	52	22	136.4%
Loss for the Period	(900)	(1,087)	(17.2%)
Total Comprehensive (Loss)/Income for the Period Attributable to:			
Owners of the Company	(314)	(1,419)	(78.0%)
Non-Controlling Interests	291	(115)	(353.0%)
Total Comprehensive Loss for the Period	(23)	(1,534)	(98.6%)

"n/m" denotes not meaningful.

1(a)(ii)

Notes to Consolidated Statement of Comprehensive Income

Loss for the period is after crediting/(charging):

	Group	
	Q1 FY2018 (S\$'000)	Q1 FY2017 (S\$'000)
Finance Lease Income	303	321
Finance Income		
– Interest Income	12	15
Finance Costs	(283)	(234)
Depreciation of Property, Plant and Equipment	(948)	(630)
Amortisation of Intangible Assets	(35)	(20)
Amortisation of Land Use Rights	(21)	(17)
Gain on Disposal of Property, Plant and Equipment	1	43
Net Fair Value Gain/(Loss) on Derivative Financial Instruments	28	(21)
Foreign Exchange Loss, Net	(91)	(112)
Adjustments for Over Provision for Taxation in Respect of Prior Years	98	27
Provision for Retirement Benefit Obligations Expenses, Net	(10)	(9)
Amortisation of Deferred Income	2	2
Allowance for Doubtful Receivables -Reversed	3	2
Allowance for Inventory Obsolescence -Reversed/(Made)	9	(9)
Amortisation of Deferred Expenses	-	(5)

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	
	31 January 2018 (S\$'000)	31 October 2017 (S\$'000)	31 January 2018 (S\$'000)	31 October 2017 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	29,876	29,279	470	386
Intangible Assets	1,311	1,295	-	-
Land Use Rights	1,499	1,500	-	-
Investments in Subsidiaries	-	-	41,940	38,475
Investments in Associates	3,936	3,904	-	-
Investment in Jointly-Controlled Entity	2,086	2,047	-	-
Finance Lease Receivables	10,340	10,475	-	-
Other Assets	313	312	-	-
Deferred Tax Assets	862	697	-	-
Total Non-Current Assets	50,223	49,509	42,410	38,861
Current Assets				
Inventories	8,074	7,470	-	-
Income Tax Receivables	358	335	-	-
Trade and Other Receivables	19,907	21,200	6,441	4,745
Finance Lease Receivables	827	811	-	-
Other Assets	1,489	1,361	90	82
Derivative Financial Instruments	127	91	-	-
Cash and Cash Equivalents	6,187	5,278	381	413
	36,969	36,546	6,912	5,240
Assets of Disposal Group Classified as Held for Sale	1,089	1,130	-	-
Total Current Assets	38,058	37,676	6,912	5,240
Total Assets	88,281	87,185	49,322	44,101
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	48,170	48,170
Accumulated Losses	(3,056)	(2,104)	(5,941)	(10,346)
Foreign Currency Translation Reserve	(4,823)	(5,339)	-	-
Other Reserves	2,347	2,214	-	-
Reserve of Disposal Group Classified as Held for Sale	(548)	(537)	-	-
Equity Attributable to Owners of the Company	42,090	42,404	42,229	37,824
Non-Controlling Interests	2,504	2,245	-	-
Total Equity	44,594	44,649	42,229	37,824
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	784	734	-	-
Loans and Borrowings	7,626	6,659	284	369
Deferred Tax Liabilities	1,767	1,770	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	12	13	-	-
Total Non-Current Liabilities	10,539	9,526	284	369

	Group		Company	
	31 January 2018 (S\$'000)	31 October 2017 (S\$'000)	31 January 2018 (S\$'000)	31 October 2017 (S\$'000)
Current Liabilities				
Income Tax Payable	365	317	20	17
Trade and Other Payables	15,350	15,236	5,629	4,562
Other Liabilities	494	840	-	-
Derivative Financial Instruments	11	5	-	-
Loans and Borrowings	15,459	15,095	1,160	1,329
Deferred Income	7	6	-	-
	31,686	31,499	6,809	5,908
Liabilities Directly Associated with Assets Held for Sale	1,462	1,511	-	-
Total Current Liabilities	33,148	33,010	6,809	5,908
Total Liabilities	43,687	42,536	7,093	6,277
Total Equity and Liabilities	88,281	87,185	49,322	44,101

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

	Group			
	As at 31 January 2018		As at 31 October 2017	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount repayable in one year or less, or on demand	10,746	4,713	10,181	4,914
Amount repayable after one year	7,165	461	6,044	615

Details of any collateral

As at 31 January 2018, secured loans and borrowings comprised:

- Finance lease liabilities of S\$1,958,000 (31 October 2017: S\$1,989,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$9,313,000 (31 October 2017: S\$8,823,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$779,000 (31 October 2017: S\$849,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$4,147,000 (31 October 2017: S\$4,564,000) were secured by an assignment of a supply agreement with a customer and a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation power plant at Gardens by the Bay (Marina South). The Group's investment in the biomass co-generation power plant is classified as finance lease receivables.
- Loans and borrowings of S\$1,714,000 (31 October 2017: Nil) were secured by property, plant and equipment of certain subsidiaries in Singapore.

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	
	Q1 FY2018 (S\$'000)	Q1 FY2017 (S\$'000)
<u>Cash Flows From Operating Activities</u>		
Loss Before Income Tax	(1,070)	(1,220)
Depreciation of Property, Plant and Equipment	948	630
Gain on Disposal of Property, Plant and Equipment	(1)	(43)
Amortisation of Intangible Assets	35	20
Amortisation of Land Use Rights	21	17
Share of Results from Associates and Jointly- Controlled Entity, Net of Tax	46	558
Net Fair Value (Gain) /Loss on Derivative Financial Instruments	(28)	21
Amortisation of Deferred Expenses	-	5
Provision for Retirement Benefit Obligations Expenses, Net	10	9
Amortisation of Deferred Income	(2)	(2)
Finance Lease Income	(303)	(321)
Finance Income	(12)	(15)
Finance Costs	283	234
Operating Cash Flows Before Changes in Working Capital	(73)	(107)
Inventories	(315)	966
Trade and Other Receivables	801	618
Finance Lease Receivables	119	162
Other Assets	(112)	(109)
Trade and Other Payables	261	(546)
Other Liabilities	-	(5)
Finance Lease Income Received	303	321
Retirement Benefit Obligations Paid	-	(4)
Net Cash Flows From Operations Before Income Tax	984	1,296
Income Tax (Paid)/Received	(33)	101
Net Cash Flows From Operating Activities	951	1,397
<u>Cash Flows From Investing Activities</u>		
Acquisition of Property, Plant and Equipment	(672)	(414)
Proceeds from Disposal of Property, Plant and Equipment	-	108
Repayment from/(Loan to) a Jointly-Controlled Entity	306	(85)
Interest Income Received	12	15
Net Cash Flows Used In Investing Activities	(354)	(568)
<u>Cash Flows From Financing Activities</u>		
Proceeds from Loans and Borrowings	1,906	1,422
Repayments of Loans and Borrowings	(1,113)	(1,616)
Interest Expenses Paid	(271)	(225)
Acquisition of Non-Controlling Interest without Change in Control	-	(192)
Increase in Cash Restricted in Use Over 3 Months ^(a)	2	11
Net Cash Flows From/(Used In) Financing Activities	524	(408)
Net Increase in Cash and Cash Equivalents	1,121	421
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(114)	(101)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	(231)	4,742
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	776	5,062

	Group	
	Q1 FY2018 (S\$'000)	Q1 FY2017 (S\$'000)
Cash and Cash Equivalents in the Statement of Cash Flows		
Cash and Cash Equivalents ^(b)	6,187	6,919
Cash Restricted in Use	(2,493)	(1,142)
Bank Overdrafts	(2,918)	(715)
Cash and Cash Equivalents At End of Period	776	5,062

(a) Comprised fixed deposits held by banks for revolving banking and credit facilities.

(b) Included in cash and cash equivalents are fixed deposits of S\$3,334,000 (31 January 2017: S\$2,334,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$52,000 (Q1 FY2017: Nil) were acquired through finance leases.

- 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.

	Share Capital (S\$'000)	Accumulate d Losses (S\$'000)	Foreign Currency Translation Reserve (S\$'000)	Other Reserves (S\$'000)	Reserve of Disposal Group Classified as Held for Sale (S\$'000)	Parent Sub – Total (S\$'000)	Non- Controlling Interests (S\$'000)	Total Equity (S\$'000)
Group								
Current Period								
At 1 November 2017	48,170	(2,104)	(5,339)	2,214	(537)	42,404	2,245	44,649
Total Comprehensive (Loss)/Profit								
(Loss)/Profit for the Period	-	(952)	-	-		(952)	52	(900)
Movements in Equity								
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	516	134	(11)	639	239	878
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	(1)	-	(1)	-	(1)
Acquisition of Interest in Subsidiary from Non-Controlling Interests With No Change In Control	-	-	-	-	-	-	(32)	(32)
	-	-	516	133	(11)	638	207	845
At 31 January 2018	48,170	(3,056)	(4,823)	2,347	(548)	42,090	2,504	44,594
Previous Period								
At 1 November 2016	48,035	(1,989)	(5,524)	2,172	-	42,694	2,686	45,380
Total Comprehensive Loss								
(Loss)/Profit for the Period	-	(1,109)	-	-	-	(1,109)	22	(1,087)
Movements in Equity								
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(245)	(72)	-	(317)	(137)	(454)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	7	-	7	-	7
Acquisition of Interest in Subsidiary from Non-Controlling Interests With No Change In Control	-	-	-	-	-	-	(345)	(345)
Negative Goodwill Arising from Acquisition of Interest in a Subsidiary from Non-Controlling Interest	-	125	-	-	-	125	-	125
	-	125	(245)	(65)	-	(185)	(482)	(667)
At 31 January 2017	48,035	(2,973)	(5,769)	2,107	-	41,400	2,226	43,626

	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<u>Company</u>				
<u>Current Period</u>				
At 1 November 2017	48,170	(5,936)	-	42,234
Total Comprehensive Loss for the Period	-	(5)	-	(5)
At 31 January 2018	48,170	(5,941)	-	42,229
<u>Previous Period</u>				
At 1 November 2016	48,035	(5,858)	50	42,227
Total Comprehensive Income for the Period	-	(52)	-	(52)
At 31 January 2017	48,035	(5,910)	50	42,175

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of Ordinary Shares	Paid-up Capital (S\$'000)
At 1 November 2017 and 31 January 2018	957,483,029	48,170

As at 31 January 2018, the number of outstanding share awards under ecoWise Performance Share Plan was Nil (31 January 2017 : 4,500,000 shares).

- 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, was 957,483,029 ordinary shares as at 31 January 2018 (31 October 2017: 957,483,029 ordinary 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 treasury shares held by the Company as at 31 January 2018.

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

These financial statements 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.**

Except for the adoption of the new and revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for the period beginning on 1 November 2017 (see item 5), the Group and the Company have applied the same accounting policies and methods of computation and new and revised in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 October 2017.

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.**

The adoption of new and revised FRS and INT FRS do not have any significant effect on the financial performance or position of the Group and Company.

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.**

Losses per ordinary share for the period based on loss for the period attributable to owners of the Company:

	Group	
	Q1 FY2018 (cents)	Q1 FY2017 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.099)	(0.116)
(ii) On a fully diluted basis	(0.099)	(0.116)

Earnings per share for the quarter ended 31 January 2018

Basic earnings per share for Q1 FY2018 is calculated based on the loss attributable to owners of the Company of S\$952,000 (Q1 FY2017: loss attributable to owners of the Company of S\$1,109,000) and on 957,483,029 (Q1 FY2017: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q1 FY2018 is calculated based on 957,483,029 (Q1 FY2017: 957,483,029) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 January 2018 (cents)	31 October 2017 (cents)	31 January 2018 (cents)	31 October 2017 (cents)
Net asset value per ordinary share at end of period/year	4.40	4.43	4.41	3.95

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$42,090,000 (31 October 2017: S\$42,404,000) and 957,483,029 (31 October 2017: 957,483,029) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$42,229,000 (31 October 2017: S\$37,824,000) and 957,483,029 (31 October 2017: 957,483,029) ordinary shares.

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

	Group		
	Q1 FY2018 (S\$'000)	Q1 FY2017 (S\$'000)	% Change
<u>Revenue</u>			
Renewable Energy Segment	2,600	2,499	4.0%
Resource Recovery Segment	11,897	9,451	25.9%
Integrated Environmental Management Solutions Segment	38	34	11.8%
Total	14,535	11,984	21.3%

The Group's revenue for the first quarter ended 31 January 2018 ("Q1 FY2018") of S\$14.54 million was S\$2.55 million or 21.3% higher as compared to the corresponding period of last financial year ("Q1 FY2017").

Q1 FY2018 revenue increased by 21.3% mainly due to higher revenue recorded by the Group's renewable energy segment, resource recovery segment and integrated environmental management solutions segment attributable to increase in woodchips supply to customers, increase in electrical and heat energy consumed by Gardens by the Bay, increase in sales of retreaded tyre and rubber compound and increase in revenue from technical support services rendered.

The Group's gross profit of S\$2.17 million in Q1 FY2018 was lower as compared to S\$2.45 million in Q1 FY2017 mainly due to higher direct cost from Group's resource recovery segment from the sale of rubber compounds, retreaded tyres and other materials, increase in manpower and upkeep and repair cost for machineries and equipment.

Other gains increased by S\$0.01 million to S\$0.06 million in Q1 FY2018 mainly due to increase in gain of financial derivative of S\$0.03 million and insurance claim of S\$0.03 million as compared with Q1 FY2017, partially offset by decrease in gain on disposal of fixed assets of S\$0.05 million.

Marketing and distribution expenses decreased by 6.7% to S\$0.63 million in Q1 FY2018 mainly due to lower sales commission, staff salary and bonus.

Administrative expenses increased by 6.3% to S\$2.26 million in Q1 FY2018 mainly due to increase in manpower cost attributed to higher headcount, depreciation expenses, professional and legal fees partially offset by decrease in directors' remuneration, bank charges, property tax, operating lease expenses, travelling, transport and accommodation, upkeep of office and office equipment and plant and machinery and staff bonus.

Depreciation expenses increased by 50.48% to S\$0.95 million in Q1 FY2018 mainly due to additional depreciation charged from a newly acquired subsidiary, newly acquired motor vehicles and office units.

Other losses decreased by 31.6% to S\$0.09 million in Q1 FY2018 mainly due to lower foreign exchange loss.

Share of losses from associate and jointly-controlled entity of S\$0.05 million in Q1 FY2018 was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co. Ltd.

The Group recorded loss before tax of S\$1.07 million in Q1 FY2018 mainly due to higher cost of sales and administrative expenses.

The Group recorded income tax income of S\$0.17 million in Q1 FY2018 as compared to income tax income of S\$0.13 million in Q1 FY2017, mainly due to taxation charges from taxable profit and partially offset with deferred tax assets of the Group's resources recovery segment and renewable energy segment.

As a result of the above factors, the Group recorded a loss of S\$0.90 million in Q1 FY2018 as compared to a loss of S\$1.09 million in Q1 FY2017.

Statement of Financial Position

The Group's non-current assets increased by 1.44% or S\$0.71 million to S\$50.22 million as at 31 January 2018.

The Group's property, plant and equipment increased by S\$0.60 million to S\$29.88 million as at 31 January 2018 mainly attributable to newly acquired plant and equipment of S\$0.73 million, effects of movements in foreign exchange rates of S\$0.82 million partially offset by depreciation charges of S\$0.95 million.

Investments in associate and jointly-controlled entity increased by S\$0.07 million, collectively, mainly due to the Group's share of losses from associate and jointly-controlled entity of S\$0.05 million and partially offset by effects of movements in foreign exchange rates gain of S\$0.12 million.

Finance lease receivables relate to the Group's investment in biomass co-generation power plant at Gardens by the Bay which is accounted for as a finance lease. Total non-current and current finance lease receivables decreased from S\$11.29 million as at 31 October 2017 to S\$11.17 million as at 31 January 2018 attributable to billings to and collections from the customer.

The Group's current assets increased by S\$0.38 million to S\$38.06 million as at 31 January 2018 mainly due to increase in inventories by S\$0.60 million, derivative financial instruments by S\$0.04 million, other assets by S\$0.12 million and cash and cash equivalents by S\$0.91 million partially offset by decrease in trade and other receivables by S\$1.29 million. The increase in inventories were mainly attributable to SRR Group increasing its purchase of inventories.

The Group's non-current liabilities increased by S\$1.01 million mainly due to drawdown of loans and borrowings.

The Group's current liabilities increased by S\$0.14 million to S\$33.15 million as at 31 January 2018 mainly due to increase in trade and other payables of S\$0.11 million, loan and borrowing of S\$0.36 million, income tax payable of S\$0.05 million and partially offset by decrease in other liabilities of S\$0.35 million reclassified to liabilities directly associated with assets held for sale of S\$0.03 million.

The Group's total loans and borrowings increased by S\$1.33 million mainly due to proceeds from loans and borrowings of S\$1.95 million, finance lease liabilities of S\$0.05 million, effects of movements in foreign exchange rates of S\$0.56 million, partially offset by repayment of loans and borrowings of S\$1.23 million.

Statement of Cash Flow

For the quarter ended 31 January 2018

The Group's cash and cash equivalents increased by S\$1.12 million in Q1 FY2018 due to net positive cash flows from operating activities of S\$0.95 million, net cash flows used in investing activities of S\$0.35 million and net cash flows from financing activities of S\$0.52 million.

Net cash flows from operating activities in Q1 FY2018 was S\$0.95 million compared to corresponding period Q1 FY2017 of S\$1.40 million, mainly attributable to decrease in loss before income tax of S\$0.15 million, increase in inventories of S\$1.28 million, increase in trade and other receivables of S\$0.18 million and partially offset by increase in trade and other payables of S\$0.81 million, and decrease in finance lease receivables of S\$0.04 million. The increase in inventories were due to increased purchases and higher materials cost, the increase in trade and other payables were due to slower payment to suppliers and the increase in trade and other receivables were due to higher collections from customers by the Group in Q1 FY2018 as compared to Q1 FY2017.

Net cash flows used in investing activities of S\$0.35 million in Q1 FY2018 comprised mainly the Group's capital expenditures on property, plant and equipment of S\$0.67 million partially offset by loan repayment by a jointly-controlled entity of S\$0.31 million and interest income received of S\$0.01 million.

Net cash flows from financing activities of S\$0.52 million in Q1 FY2018 comprised mainly the proceeds from loan and borrowings of S\$1.91 million and partially offset by repayments of loans and borrowings of S\$1.11 million, finance costs of S\$0.27 million and increase in cash restricted in use of S\$0.01 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.

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.**

All segments

The Group is rationalising and reorganising its businesses so as to achieve higher levels of efficiency, economies of scale and effectiveness.

Resource Recovery segment

The Group's rubber compound, new and retreaded tyres business under SRR Group continues to face challenging market conditions due to economic and market uncertainties of both raw materials and products and foreign currency fluctuations, in particular that of the Malaysian Ringgit.

Renewable Energy segment

The Group expects continuous supply and stable consumption of energy by Gardens by the Bay from its biomass co-generation power plant under the design, build and operate agreement.

The waste steam applications for drying of spent grains and heating of ISO tankers businesses from the Group's biomass co-generation power plant at Sungei Kadut are expected to remain stable.

The Group's current plan is to retain the assets of Hivern Investments Pte. Ltd and its subsidiary, followed by prudent evaluation of the options available.

As announced on 8 November 2017, the Group is selling ecoWise Energy Group Pte. Ltd..

11. **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) **Date payable**

None.

(d) **Books closure date**

None.

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

No dividend has been declared or recommended for the quarter ended 31 January 2018.

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 Group has not obtained a general IPT mandate.

14. **Confirmation by the Board pursuant to rule 705 (5) of the listing manual**

On behalf of the Board of Directors of the Company, the undersigned, hereby confirm that to the best of the Board's knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 January 2018 to be false or misleading in any material aspect.

15. **Confirmation pursuant to rule 720 (1) of the listing manual**

The Company confirms that undertakings under Rule 720 (1) have been obtained from its directors and executive officers in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Cao Shixuan
Director

17 March 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this announcement.*

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

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