**ECOWISE HOLDINGS LIMITED**
**Company Registration No. 200209835C**

**Unaudited Financial Statements for the Second Quarter and Half Year Ended 30 April 2018**

**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY Q2 AND HALF-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 | | | | | |
|---|---|---|---|---|---|---|
| | Q2 FY2018 (S$'000) | Q2 FY2017 (S$'000) | % Change | 1H FY2018 (S$'000) | 1H FY2017 (S$'000) | % Change |
| **Revenue** | 14,924 | 11,277 | 32.3% | 29,459 | 23,261 | 26.6% |
| Cost of Sales | (12,869) | (8,843) | 45.5% | (25,235) | (18,382) | 37.3% |
| **Gross Profit** | 2,055 | 2,434 | (15.6%) | 4,224 | 4,879 | (13.4%) |
| **Other Items of Income** | | | | | | |
| Finance Income | 15 | 15 | 0.0% | 27 | 30 | (10.0%) |
| Other Gains | 506 | 206 | 145.6% | 567 | 254 | 123.2% |
| **Other Items of Expenses** | | | | | | |
| Marketing and Distribution Expenses | (606) | (649) | (6.6%) | (1,234) | (1,322) | (6.7%) |
| Administrative Expenses | (2,040) | (2,309) | (11.7%) | (4,304) | (4,439) | (3.0%) |
| Finance Costs | (299) | (255) | 17.3% | (582) | (489) | 19.0% |
| Other Losses | - | (477) | (100.0%) | (91) | (610) | (85.1%) |
| Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax | (9) | (121) | (92.6%) | (55) | (679) | (91.9%) |
| **Loss Before Income Tax** | (378) | (1,156) | (67.3%) | (1,448) | (2,376) | (39.1%) |
| Income Tax (Expense)/Income | (126) | (97) | 29.9% | 44 | 36 | 22.2% |
| **Loss for the Period** | (504) | (1,253) | (59.8%) | (1,404) | (2,340) | (40.0%) |
| **Other Comprehensive Income/(Loss)** | | | | | | |
| Exchange Differences on Translating Foreign Operations, Net of Tax | 185 | (75) | n/m | 1,063 | (529) | n/m |
| Effective Portion of Changes in Fair Value of Cash Flow Hedges | (7) | - | n/m | (8) | 7 | n/m |
| **Total Other Comprehensive Income/(Loss) for the Period** | 178 | (75) | n/m | 1,055 | (522) | n/m |
| **Total Comprehensive Loss for the Period** | (326) | (1,328) | (75.5%) | (349) | (2,862) | (87.8%) |

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Q2 FY2018 (S$'000) | Q2 FY2017 (S$'000) | % Change | 1H FY2018 (S$'000) | 1H FY2017 (S$'000) | % Change |
| **(Loss)/Profit for the Period Attributable to:** | | | | | | |
| Owners of the Company | (553) | (1,422) | (61.1%) | (1,505) | (2,531) | (40.5%) |
| Non-Controlling Interests | 49 | 169 | (71.0%) | 101 | 191 | (47.1%) |
| **Loss for the Period** | (504) | (1,253) | (59.8%) | (1,404) | (2,340) | (40.0%) |
| **Total Comprehensive (Loss)/Income for the Period Attributable to:** | | | | | | |
| Owners of the Company | (390) | (1,521) | (74.4%) | (704) | (2,940) | (76.1%) |
| Non-Controlling Interests | 64 | 193 | (66.8%) | 355 | 78 | 355.1% |
| **Total Comprehensive Loss for the Period** | (326) | (1,328) | (75.5%) | (349) | (2,862) | (87.8%) |

"n/m" denotes not meaningful.

**1(a) (ii) Notes to Consolidated Statement of Comprehensive (Loss)/Income**

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

| | Group | | | |
|---|---|---|---|---|
| | **Q2 FY2018 (S$'000)** | **Q2 FY2017 (S$'000)** | **1H FY2018 (S$'000)** | **1H FY2017 (S$'000)** |
| Finance Lease Income | 298 | 317 | 601 | 638 |
| Finance Income – Interest Income | 15 | 15 | 27 | 30 |
| Finance Costs | (299) | (255) | (582) | (489) |
| Depreciation of Property, Plant and Equipment | (895) | (520) | (1,843) | (1,151) |
| Amortisation of Intangible Assets | (35) | (21) | (70) | (41) |
| Amortisation of Land Use Rights | (10) | (23) | (31) | (40) |
| Gain on Disposal of Property, Plant and Equipment | 45 | 15 | 46 | 58 |
| Net Fair Value Gain on Derivative Financial Instruments | 26 | 162 | 54 | 141 |
| Foreign Exchange Gain/(Loss), Net | 198 | (456) | 107 | (568) |
| Government Grant Income | 73 | 46 | 74 | 46 |
| Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years | (52) | 3 | 46 | 30 |
| Provision for Retirement Benefit Obligations Expenses, Net | (10) | (10) | (20) | (19) |
| Amortisation of Deferred Income | 1 | 1 | 3 | 3 |
| Allowance for Doubtful Receivables - Reversal | - | 1 | 3 | 3 |
| Allowance for Inventory Obsolescence – Reversal/(Made) | 7 | (9) | 16 | (18) |
| Amortisation of Deferred Expenses | - | (5) | - | (10) |
| Equity-Settled Share-Based Expenses | - | (85) | - | (85) |
| Loss on Disposal of Other Financial Assets | - | (43) | - | (43) |

**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 | |
|---|---|---|---|---|
| | 30 April 2018 (S$'000) | 31 October 2017 (S$'000) | 30 April 2018 (S$'000) | 31 October 2017 (S$'000) |
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipment | 29,978 | 29,279 | 449 | 386 |
| Intangible Assets | 1,283 | 1,295 | - | - |
| Land Use Rights | 1,500 | 1,500 | - | - |
| Investments in Subsidiaries | - | - | 38,479 | 38,475 |
| Investments in an Associate | 3,934 | 3,904 | - | - |
| Investment in a Jointly-Controlled Entity | 2,113 | 2,047 | - | - |
| Finance Lease Receivable | 10,133 | 10,475 | - | - |
| Other Assets | 314 | 312 | - | - |
| Deferred Tax Assets | 874 | 697 | - | - |
| **Total Non-Current Assets** | 50,129 | 49,509 | 38,928 | 38,861 |
| **Current Assets** | | | | |
| Inventories | 7,225 | 7,470 | - | - |
| Income Tax Receivables | 372 | 335 | - | - |
| Trade and Other Receivables | 19,544 | 21,200 | 5,593 | 4,745 |
| Finance Lease Receivable | 857 | 811 | - | - |
| Derivative Financial Instruments | 137 | 91 | - | - |
| Other Assets | 1,631 | 1,361 | 95 | 82 |
| Cash and Cash Equivalents | 5,882 | 5,278 | 384 | 413 |
| | 35,648 | 36,546 | 6,072 | 5,240 |
| Assets of Disposal Group Classified as Held for Sale | 1,151 | 1,130 | - | - |
| **Total Current Assets** | 36,799 | 37,676 | 6,072 | 5,240 |
| **Total Assets** | 86,928 | 87,185 | 45,000 | 44,101 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Share Capital | 48,170 | 48,170 | 48,170 | 48,170 |
| Accumulated Losses | (3,609) | (2,104) | (10,609) | (10,346) |
| Foreign Currency Translation Reserve | (4,649) | (5,339) | - | - |
| Other Reserves | 2,357 | 2,214 | - | - |
| Reserve of Disposal Group Classified as Held for Sale | (569) | (537) | - | - |
| **Equity Attributable to Owners of the Company** | 41,700 | 42,404 | 37,561 | 37,824 |
| Non-Controlling Interests | 2,408 | 2,245 | - | - |
| **Total Equity** | 44,108 | 44,649 | 37,561 | 37,824 |
| **LIABILITIES** | | | | |
| **Non-Current Liabilities** | | | | |
| Provision for Retirement Benefit Obligations | 807 | 734 | - | - |
| Loans and Borrowings | 6,726 | 6,659 | 149 | 369 |
| Deferred Tax Liabilities | 1,764 | 1,770 | - | - |
| Provision for Reinstatement Cost | 350 | 350 | - | - |
| Deferred Income | 10 | 13 | - | - |
| **Total Non-Current Liabilities** | 9,657 | 9,526 | 149 | 369 |

| | Group | | Company | |
|---|---|---|---|---|
| | 30 April 2018 (S$'000) | 31 October 2017 (S$'000) | 30 April 2018 (S$'000) | 31 October 2017 (S$'000) |
| **Current Liabilities** | | | | |
| Income Tax Payable | 449 | 317 | 22 | 17 |
| Trade and Other Payables | 16,573 | 15,236 | 6,287 | 4,562 |
| Other Liabilities | - | 840 | - | - |
| Derivative Financial Instruments | - | 5 | - | - |
| Loans and Borrowings | 14,632 | 15,095 | 981 | 1,329 |
| Deferred Income | 7 | 6 | - | - |
| | 31,661 | 31,499 | 7,290 | 5,908 |
| Liabilities Directly Associated with Assets Held for Sale | 1,502 | 1,511 | - | - |
| **Total Current Liabilities** | 33,163 | 33,010 | 7,290 | 5,908 |
| **Total Liabilities** | 42,820 | 42,536 | 7,439 | 6,277 |
| **Total Equity and Liabilities** | 86,928 | 87,185 | 45,000 | 44,101 |

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

| | Group | | | |
|---|---|---|---|---|
| | As at 30 April 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** | 10,097 | 4,535 | 10,181 | 4,914 |
| **Amount repayable after one year** | 6,419 | 307 | 6,044 | 615 |

**Details of any collateral**

As at 30 April 2018, secured loans and borrowings comprised:

- Finance lease liabilities of S$1,823,000 (31 October 2017: S$1,989,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S$8,569,000 (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$2,397,000 (31 October 2017: S$849,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S$3,727,000 (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.

**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 | | | |
|---|---|---|---|---|
| | Q2 FY2018 (S$'000) | Q2 FY2017 (S$'000) | 1H FY2018 (S$'000) | 1H FY2017 (S$'000) |
| **Cash Flows From Operating Activities** | | | | |
| Loss Before Income Tax | (378) | (1,156) | (1,448) | (2,376) |
| Depreciation of Property, Plant and Equipment | 895 | 520 | 1,843 | 1,151 |
| Gain on Disposal of Property, Plant and Equipment | (45) | (15) | (46) | (58) |
| Amortisation of Intangible Assets | 35 | 21 | 70 | 41 |
| Amortisation of Land Use Rights | 10 | 23 | 31 | 40 |
| Share of Results from an Associates and a Jointly-Controlled Entity, Net of Tax | 9 | 120 | 55 | 678 |
| Net Fair Value Gain on Derivative Financial Instruments | (26) | (162) | (54) | (141) |
| Amortisation of Deferred Expenses | - | 5 | - | 10 |
| Provision for Retirement Benefit Obligations Expenses, Net | 10 | 10 | 20 | 19 |
| Amortisation of Deferred Income | (1) | (1) | (3) | (3) |
| Finance Lease Income | (298) | (317) | (601) | (638) |
| Finance Income | (15) | (15) | (27) | (30) |
| Finance Costs | 279 | 255 | 562 | 489 |
| Equity-Settled Share-Based Expenses | - | 85 | - | 85 |
| Loss on Disposal of Other Financial Assets | - | 43 | - | 43 |
| **Operating Cash Flows Before Changes in Working Capital** | 475 | (584) | 402 | (690) |
| Inventories | 891 | (308) | 576 | 658 |
| Trade and Other Receivables | 311 | 1,396 | 1,112 | 2,014 |
| Finance Lease Receivable | 177 | 166 | 296 | 328 |
| Other Assets | (141) | (54) | (253) | (163) |
| Trade and Other Payables | 1,276 | (1,103) | 1,537 | (1,649) |
| Other Liabilities | (535) | (145) | (535) | (150) |
| Finance Lease Income Received | 298 | 317 | 601 | 638 |
| Retirement Benefit Obligations Paid | - | (2) | - | (6) |
| **Net Cash Flows From/(Used in) Operations Before Income Tax** | 2,752 | (317) | 3,736 | 980 |
| Income Tax (Paid)/Received | (64) | (68) | (97) | 33 |
| **Net Cash Flows From/(Used in) Operating Activities** | 2,688 | (385) | 3,639 | 1,013 |
| **Cash Flows From Investing Activities** | | | | |
| Acquisition of Property, Plant and Equipment | (714) | (357) | (1,386) | (771) |
| Proceeds from Disposal of Property, Plant and Equipment | 121 | 15 | 121 | 123 |
| Repayment from/(Loan to) a Jointly-Controlled Entity | 21 | (153) | 327 | (238) |
| Interest Income Received | 15 | 15 | 27 | 30 |
| Proceeds from Disposal of Other Financial Assets | - | 1,014 | - | 1,014 |
| **Net Cash Flows (Used In)/From Investing Activities** | (557) | 534 | (911) | 158 |

| | Group | | | |
|---|---|---|---|---|
| | Q2 FY2018 (S$'000) | Q2 FY2017 (S$'000) | 1H FY2018 (S$'000) | 1H FY2017 (S$'000) |
| **Cash Flows From Financing Activities** | | | | |
| Proceeds from Loans and Borrowings | (112) | - | 1,794 | 1,422 |
| Repayments of Loans and Borrowings | (1,406) | (769) | (2,519) | (2,386) |
| Interest Expenses Paid | (268) | (257) | (539) | (482) |
| Acquisition of Non-Controlling Interests without Change in Control | - | - | - | (192) |
| Dividends Paid to Non-Controlling Interests of Subsidiaries | (202) | (177) | (202) | (177) |
| Increase/(Decrease) in Cash Restricted in Use Over 3 Months[(a)] | 87 | (258) | 89 | (247) |
| **Net Cash Flows Used In Financing Activities** | (1,901) | (1,461) | (1,377) | (2,062) |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | 230 | (1,312) | 1,351 | (891) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (117) | 6 | (231) | (95) |
| Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance | 776 | 5,062 | (231) | 4,742 |
| **Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance** | 889 | 3,756 | 889 | 3,756 |
| **Cash and Cash Equivalents in the Statement of Cash Flows** | | | | |
| Cash and Cash Equivalents[(b)] | 5,882 | 6,828 | 5,882 | 6,828 |
| Cash Restricted in Use | (2,407) | (1,400) | (2,407) | (1,400) |
| Bank Overdrafts | (2,586) | (1,672) | (2,586) | (1,672) |
| **Cash and Cash Equivalents At End of Period** | 889 | 3,756 | 889 | 3,756 |

(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$2,326,000 (30 April 2017: S$2,223,000).

**Non-Cash Transactions**

Property, plant and equipment amounting to S$95,000 (1H FY2017: S$35,000) 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$'000) | Accumulated Losses (S$'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 | - | (1,505) | - | - | - | (1,505) | 101 | (1,404) |
| **Other Comprehensive Income** | | | | | | | | |
| Exchange Differences on Translating Foreign Operations, Net of Tax | - | - | 690 | 151 | (32) | 809 | 254 | 1,063 |
| Effective Portion of Changes in Fair Value of Cash Flow Hedges | - | - | - | (8) | - | (8) | - | (8) |
| Dividends Paid to Non-Controlling Interests of Subsidiaries | - | - | - | - | - | - | (202) | (202) |
| Acquisition of Interest in Subsidiary from Non-Controlling Interests With No Change In Control | - | - | - | - | - | - | (32) | (32) |
| Acquisition of Interest in Subsidiary | - | - | - | - | - | - | 42 | 42 |
| | - | - | 690 | 143 | (32) | 801 | 62 | 863 |
| **At 30 April 2018** | 48,170 | (3,609) | (4,649) | 2,357 | (569) | 41,700 | 2,408 | 44,108 |

| | Share Capital (S$'000) | Accumulated Losses (S$'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) |
|---|---|---|---|---|---|---|---|---|
| **Previous Period** | | | | | | | | |
| **At 1 November 2016** | 48,035 | (1,989) | (5,524) | 2,172 | - | 42,694 | 2,686 | 45,380 |
| **Total Comprehensive (Loss)/Profit** | | | | | | | | |
| (Loss)/Profit for the Period | - | (2,531) | - | - | - | (2,531) | 191 | (2,340) |
| **Other Comprehensive Income** | | | | | | | | |
| Exchange Differences on Translating Foreign Operations, Net of Tax | - | - | (348) | (68) | - | (416) | (113) | (529) |
| 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 | - | - | - | - | - | - | (357) | (357) |
| Negative Goodwill Arising from Acquisition of Interest in Subsidiary from Non-Controlling Interest | - | 125 | - | - | - | 125 | - | 125 |
| Issue of Ordinary Shares Under Performance Share Plan | 135 | - | - | (50) | - | 85 | - | 85 |
| Dividends Paid to Non-Controlling Interests of Subsidiaries | - | - | - | - | - | - | (177) | (177) |
| | 135 | 125 | (348) | (111) | - | (199) | (647) | (846) |
| **At 30 April 2017** | 48,170 | (4,395) | (5,872) | 2,061 | - | 39,964 | 2,230 | 42,194 |

| Company | Share Capital (S$'000) | Accumulated Losses (S$'000) | Other Reserves (S$'000) | Total Equity (S$'000) |
|---|---|---|---|---|
| **Current Period** | | | | |
| **At 1 November 2017** | 48,170 | (10,346) | - | 37,824 |
| Total Comprehensive Loss for the Period | - | (263) | - | (263) |
| **At 30 April 2018** | 48,170 | (10,609) | - | 37,561 |
| **Previous Period** | | | | |
| **At 1 November 2016** | 48,035 | (5,858) | 50 | 42,227 |
| Total Comprehensive Loss for the Period | - | (63) | - | (63) |
| Issue of Ordinary Shares Under ecoWise Performance Share Plan | 135 | - | (50) | 85 |
| **At 30 April 2017** | 48,170 | (5,921) | - | 42,249 |

**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 30 April 2018 | 957,483,029 | 48,170 |

**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 30 April 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 30 April 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 losses for the period attributable to owners of the Company:

| | Group | | | |
|---|---|---|---|---|
| | Q2 FY2018 (cents) | Q2 FY2017 (cents) | 1H FY2018 (cents) | 1H FY2017 (cents) |
| **(i) Based on weighted average number of ordinary shares in issue** | (0.058) | (0.149) | (0.157) | (0.264) |
| **(ii) On a fully diluted basis** | (0.058) | (0.149) | (0.157) | (0.264) |

**Earnings per share for the quarter ended 30 April 2018**

Basic earnings per share for Q2 FY2018 is calculated based on the loss attributable to owners of the Company of S$553,000 (Q2 FY2017: loss attributable to owners of the Company of S$1,422,000) and on 957,483,029 (Q2 FY2017: 957,483,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q2 FY2018 is calculated based on 957,483,029 (Q2 FY2017: 957,483,029) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

**Earnings per share for the half-year ended 30 April 2018**

Basic earnings per share for 1H FY2018 is calculated based on the loss attributable to owners of the Company of S$1,505,000 (1H FY2017: loss attributable to owners of the Company of S$2,531,000) and on 957,483,029 (1H FY2017: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for 1H FY2018 is calculated based on 957,483,029 (1H FY2017: 957,483,029) weighted average number of ordinary shares in issue 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 | |
|---|---|---|---|---|
| | 30 April 2018 (cents) | 31 October 2017 (cents) | 30 April 2018 (cents) | 31 October 2017 (cents) |
| **Net asset value per ordinary share at end of period/year** | 4.36 | 4.43 | 3.92 | 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$41,700,000 (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$37,561,000 (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 | | | | | |
|---|---|---|---|---|---|---|
| | Q2 FY2018 (S$'000) | Q2 FY2017 (S$'000) | % Change | 1H FY2018 (S$'000) | 1H FY2017 (S$'000) | % Change |
| **Revenue** | | | | | | |
| **Renewable Energy Segment** | 2,527 | 2,784 | (9.2%) | 5,127 | 5,283 | (3.0%) |
| **Resource Recovery Segment** | 12,148 | 8,229 | 47.6% | 24,045 | 17,680 | 36.0% |
| **Integrated Environmental Management Solutions Segment** | 249 | 264 | (5.7%) | 287 | 298 | (3.7%) |
| **Total** | 14,924 | 11,277 | 32.3% | 29,459 | 23,261 | 26.6% |

The Group's revenue for the second quarter ended 30 April 2018 ("Q2 FY2018") of S$14.92 million was S$3.65 million or 32.3% higher as compared to the corresponding period of last financial year ("Q2 FY2017"). The Group's revenue for the half-year ended 30 April 2018 ("1H FY2018") of S$29.46 million was S$6.20 million or 26.6% higher as compared to the corresponding period of last financial year ("1H FY2017").

Q2 FY2018 revenue increased by 32.3% mainly due to higher revenue recorded by the Group's resource recovery segment attributable to increase in revenue from sale of rubber compounds, retreaded tyres, washed copper slag, increase in woodchips supply to customers and other materials.

1H FY2018 revenue increased by 26.6% mainly due to higher revenue recorded by the Group's resource recovery segment. There was an increase in sales recorded by the Group's rubber compounds and retreaded tyres business under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group") in Q2 FY2018 as compared to Q2 FY2017.

The Group's gross profit margin of 13.8% for Q2 FY2018 and 14.3% in 1H FY2018 were lower compared to 21.6% in Q2 FY2017 and 21.0% in 1H FY2017 mainly due to higher direct cost from the Group's resource recovery segment from the sale of rubber compounds, retreaded tyres and other materials, increase in manpower, depreciation and upkeep and repair cost for machineries and equipment.

The Group's gross profit of S$2.06 million in Q2 FY2018 and S$4.22 million in 1H FY2018 were lower as compared to S$2.43 million in Q2 FY2017 and S$4.88 million in 1H FY2017. This was mainly attributable to the decrease in sales from the Group's renewable energy segment which resulted from a decline in the service income from ISO tank heating, sales of dried spent grain and higher depreciation charge, upkeep and repair cost for machineries and equipment partially offset by increased revenue from the resource recovery segment.

Other gains increased by S$0.30 million to S$0.51 million in Q2 FY2018 mainly due to gains from bargain purchase of S$0.17 million, increase in government grant income of S$0.03 million, gains on disposal of property, plant and equipment of S$0.03 million, gain on foreign exchange of S$0.20 million partially offset by decrease in gain from derivative financial instrument of S$0.13 million in Q2 FY2018. Other gains increased by S$0.31 million to S$0.57 million in 1H FY2018 mainly due to gains from bargain purchase of S$0.17 million, increase government grant income of S$0.02 million, insurance claim of S$0.02 million, gain on foreign exchange of S$0.20 million partially offset by decreased in gains on disposal of property, plant and equipment of S$0.01 million and gains from derivative financial instrument of S$0.09 million in 1H FY2018.

Marketing and distribution expenses decreased by 6.6% to S$0.61 million in Q2 FY2018 mainly due to lower sales commission, staff salary and travelling, transport and accommodation expenses. Marketing and distribution expenses decreased by 6.7% to S$1.23 million in 1H FY2018 mainly due to lower sales commission, staff bonus and salary and travelling, transport and accommodation expenses.

Administrative expenses decreased by 11.7% to S$2.04 million in Q2 FY2018 mainly due to decrease in audit fee, directors' remuneration, consultation fee, entertainment expenses, operating lease expenses, property tax, transport and accommodation expenses, no provision of equity-settled share-based expenses partially offset by increase in depreciation charge and directors' fee. Administrative expenses decreased by 3.0% to S$4.30 million in 1H FY2018 mainly due to decrease in audit fee, directors' remuneration, consultation fee, bank charges, entertainment expenses, operating lease expenses, property tax, travelling, transport and accommodation expenses, upkeep of plant and equipment and no provision of equity-settled share-based expenses partially offset by increase in manpower cost attributable to higher headcount, professional and legal fees, depreciation charge and directors' fee.

Depreciation expenses increased by 72.1% to S$0.90 million in Q2 FY2018 and by 60.1% to S$1.84 million in 1H FY2018 mainly due to newly acquired subsidiaries, newly acquired motor vehicles and office units.

Other losses decreased by 100.0% in Q2 FY2018 mainly due to lower foreign exchange loss. Other losses decreased by 85.1% to S$0.09 million in 1H FY2018 mainly due to lower foreign exchange loss of S$0.48 million and no existence of loss on disposal of other financial assets S$0.04 million.

Share of losses from an associate and a jointly-controlled entity of S$0.01 million in Q2 FY2018 and S$0.06 million in 1H FY2018 was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co. Ltd. and China-UK Low Carbon Enterprise Co., Ltd.

The Group recorded loss before tax of S$0.38 million in Q2 FY2018 and S$1.45 million in 1H FY2018 mainly due to higher cost of sales, depreciation charges and finance cost.

The Group recorded income tax expense of S$0.13 million in Q2 FY2018 and income tax income of S$0.04 million in 1H FY2018 as compared to income tax expense of S$0.10 million in Q2 FY2017 and income tax income of S$0.04 million in 1H FY2017, mainly due to income tax and deferred tax liabilities recognised from the Group's profitable renewable energy segment in Q2 FY2018 and deferred tax assets recognised from losses of the Group's resources recovery segment in 1H FY2018.

As a result of the above factors, the Group recorded a loss of S$0.50 million in Q2 FY2018 as compared to a loss of S$1.25 million in Q2 FY2017 and a loss of $1.40 million in 1H FY2018 as compared to a loss of S$2.34 million in 1H FY2017.

**Statement of Financial Position**

The Group's non-current assets increased by 1.3% or S$0.62 million to S$50.13 million as at 30 April 2018.

The Group's property, plant and equipment increased by S$0.70 million to S$29.98 million as at 30 April 2018 mainly attributable to the acquisition of new plant and equipment of S$1.48 million, effects of movements in foreign exchange rates of S$0.92 million and additional plant and machinery of S$0.21 million from newly acquired subsidiary partially offset by disposal of plant and equipment of S$0.07 million and depreciation charges of S$1.84 million.

Investments in an associate and a jointly-controlled entity increased by S$0.10 million, collectively, mainly due to effects of movements in foreign exchange rates gains of S$0.16 million partially offset by the Group's share of losses from an associate and a jointly-controlled entity of S$0.06 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$10.99 million as at 30 April 2018 attributable to billings to, and collections from, the customer.

The Group's current assets decreased by S$0.88 million to S$36.80 million as at 30 April 2018 mainly due to decrease in inventories by S$0.25 million and trade and other receivables by S$1.66 million partially offset with increase in income tax receivables by S$0.04 million, other assets by S$0.27 million, derivative financial instruments by S$0.05 million, finance lease receivable of S$0.05 million, assets held for sale of S$0.02 million and cash and cash equivalents by S$0.60 million. The decrease in inventories was mainly attributable to clearing old and slow moving stock and reducing its purchase of inventories and the decrease in trade and other receivables was mainly attributable to lower revenue recorded under the Group's renewable energy segment and slow collections from customers.

The Group's non-current liabilities increased marginally by S$0.13 million mainly due to proceeds of loans and borrowings and increase provision for retirement benefit obligations.

The Group's current liabilities had increased by S$0.15 million to S$33.16 million as at 30 April 2018 mainly due to increase in trade and other payables by S$1.34 million, income tax payable by S$0.13 million partially offset by decrease in loans and borrowings by S$0.46 million, other liabilities by S$0.84 million, derivative financial instruments by S$0.01 million and liabilities directly associated with assets held for sale by S$0.01 million.

The Group's total loans and borrowings decreased by S$0.40 million mainly due to repayment of loans and borrowings of S$2.52 million and decrease in bank overdraft of S$0.41 million partially offset by proceeds from loans and borrowings of S$1.89 million and effects of movements in foreign exchange rates of S$0.64 million.

**Statement of Cash Flow**

**For the period ended 30 April 2018**

The Group's cash and cash equivalents increased by S$1.35 million in 1H FY2018 due to net positive cash flows from operating activities of S$3.64 million, net cash flows used in investing activities of S$0.91 million and net cash flows used in financing activities of S$1.38 million.

Net cash flows from operating activities for Q2 FY2018 was S$3.07 million higher compared to corresponding period Q2 FY2017, mainly attributable to decrease in loss before income tax of S$0.78 million, increase in trade and other payables of S$2.38 million and increase in other liabilities of S$0.39 million partially offset by decrease in trade and other receivables of S$1.09 million, decrease in other assets of S$ 0.09 million, increase in inventories of S$1.20 million and increase in finance lease receivables of S$0.01 million. The decrease in trade and other receivables was due to slow collections from debtors compared to Q2 FY2017. The increase in inventories was due to the stockpile of raw materials for upcoming customers' orders and the increase in trade and other payables due to delay in payment to suppliers by the Group in Q2 FY2018 compared to Q2 FY2017.

Net cash flows from operating activities for 1H FY2018 was S$2.63 million higher than 1H FY2017, and was mainly attributable to decrease in loss before income tax of S$0.93 million, increase in trade and other payables of S$3.19 million, decrease in inventories of S$0.08 million and increase in other liabilities of S$0.39 million partially offset by decrease in trade and other receivables of S$0.90 million, decrease in other assets of S$ 0.09 million and decrease in finance lease receivables of S$0.03 million. The decrease in trade and other receivables was due to slow collections from debtors compared to 1H FY2017. The decrease in inventories was due to the reduction in inventory holding period and the increase in trade and other payables due to delay in payment by the Group in 1H FY2018 compared to 1H FY2017.

Cash flows used in investing activities of S$0.91 million for 1H FY2018 comprised mainly the Group's capital expenditure on property, plant and equipment of S$1.39 million partially offset by repayment from a jointly-controlled entity of S$0.33 million, proceeds from disposal of property, plant and equipment of S$0.12 million and interest income received of S$0.03 million.

Cash flows used in financing activities of S$1.38 million for 1H FY2018 comprised mainly repayments of loans and borrowings of S$2.52 million, finance cost of S$0.54 million and dividends paid to non-controlling interest of subsidiaries of S$0.20 million partially offset by proceeds from loan and borrowings of S$1.79 million and decrease in cash restricted in use of S$0.09 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, economics 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 be declined.

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 30 April 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 to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter ended 30 April 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**

**14 June 2018**

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*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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