

Unaudited Financial Statements for the Second Quarter and Half Year Ended 30 April 2019

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					
	Q2 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	% Change	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)	% Change
Revenue	13,576	14,924	(9.0%)	27,042	29,459	(8.2%)
Cost of Sales	(11,050)	(12,869)	(14.1%)	(22,297)	(25,235)	(11.6%)
Gross Profit	2,526	2,055	22.9%	4,745	4,224	12.3%
<u>Other Items of Income</u>						
Finance Income	12	15	(20.0%)	19	27	(29.6%)
Other Gains	289	506	(42.9%)	323	567	(43.0%)
<u>Other Items of Expenses</u>						
Marketing and Distribution Expenses	(499)	(606)	(17.7%)	(1,031)	(1,234)	(16.5%)
Administrative Expenses	(1,965)	(2,040)	(3.7%)	(4,009)	(4,304)	(6.9%)
Finance Costs	(230)	(299)	(23.1%)	(471)	(582)	(19.1%)
Other Losses	(20)	-	n/m	(100)	(91)	9.9%
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	(8)	(9)	(11.1%)	(93)	(55)	69.1%
Profit/(Loss) Before Income Tax	105	(378)	(127.8%)	(617)	(1,448)	(57.4%)
Income Tax (Expense)/Income	(268)	(126)	112.7%	(395)	44	(997.7%)
Loss for the Period	(163)	(504)	(67.7%)	(1,012)	(1,404)	(27.9%)
<u>Other Comprehensive Income/(Loss)</u>						
Exchange Differences on Translating Foreign Operations, Net of Tax	24	185	(87.0%)	296	1,063	(72.1%)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	26	(7)	(471.4%)	44	(8)	(650.0%)
Total Other Comprehensive Income for the Period	50	178	(71.9%)	340	1,055	(67.7%)
Total Comprehensive Loss for the Period	(113)	(326)	(65.3%)	(672)	(349)	92.6%

	Group					
	Q2 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	% Change	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)	% Change
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(194)	(553)	(64.9%)	(1,067)	(1,505)	(29.1%)
Non-Controlling Interests	31	49	(36.7%)	55	101	(45.5%)
Loss for the Period	(163)	(504)	(67.7%)	(1,012)	(1,404)	(27.9%)
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(138)	(390)	(64.6%)	(923)	(704)	31.1%
Non-Controlling Interests	25	64	(60.9%)	251	355	(29.3%)
Total Comprehensive Loss for the Period	(113)	(326)	(65.3%)	(672)	(349)	92.6%

"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 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)
Finance Lease Income	277	298	559	601
Finance Income – Interest Income	12	15	19	27
Finance Costs	(230)	(299)	(470)	(582)
Depreciation of Property, Plant and Equipment	(917)	(895)	(1,744)	(1,843)
Amortisation of Intangible Assets	(21)	(35)	(43)	(70)
Amortisation of Land Use Rights	(15)	(10)	(30)	(31)
Gain on Disposal of Property, Plant and Equipment	96	45	114	46
Net Fair Value Gain on Derivative Financial Instruments	99	26	17	54
Foreign Exchange (Loss)/Gain, Net	(20)	198	(18)	107
Government Grant Income	48	73	48	74
Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years	(56)	(52)	(56)	46
Provision for Retirement Benefit Obligations Expenses, Net	(11)	(10)	(21)	(20)
Amortisation of Deferred Income	1	1	3	3
Allowance for Doubtful Receivables - Reversal	44	–	59	3
Allowance for Inventory Obsolescence – Reversal/(Made)	2	7	(24)	16

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 2019 (S\$'000)	31 October 2018 (S\$'000)	30 April 2019 (S\$'000)	31 October 2018 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	30,344	30,705	408	406
Intangible Assets	1,540	1,590	—	—
Land Use Rights	1,395	1,400	—	—
Investments in Subsidiaries	—	—	33,069	33,069
Investments in an Associate	1,814	1,596	—	—
Investment in a Jointly-Controlled Entity	1,655	1,678	—	—
Finance Lease Receivable	9,165	9,637	—	—
Other Assets	297	295	—	—
Deferred Tax Assets	467	514	—	—
Total Non-Current Assets	46,677	47,415	33,477	33,475
Current Assets				
Inventories	7,036	6,594	—	—
Income Tax Receivables	66	272	—	—
Trade and Other Receivables	17,268	18,603	4,823	4,152
Finance Lease Receivable	963	898	—	—
Derivative Financial Instruments	91	38	24	51
Other Assets	1,195	1,232	—	—
Cash and Cash Equivalents	2,836	3,938	(139)	14
	29,455	31,575	4,708	4,217
Assets of Disposal Group Classified as Held for Sale	1,156	1,104	—	—
Total Current Assets	30,611	32,679	4,708	4,217
Total Assets	77,288	80,094	38,185	37,692
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	48,170	48,170
Treasury Shares	(29)	—	(29)	—
Accumulated Losses	(7,966)	(6,899)	(16,859)	(16,346)
Foreign Currency Translation Reserve	(5,071)	(5,220)	—	—
Other Reserves	2,327	2,299	—	—
Reserve of Disposal Group Classified as Held for Sale	(513)	(481)	—	—
Equity Attributable to Owners of the Company	36,918	37,869	31,282	31,824
Non-Controlling Interests	2,717	2,669	—	—
Total Equity	39,635	40,538	31,282	31,824
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	849	830	—	—
Loans and Borrowings	5,004	5,693	148	170
Deferred Tax Liabilities	2,231	2,310	—	—
Provision for Reinstatement Cost	350	350	—	—
Deferred Income	3	7	—	—
Total Non-Current Liabilities	8,437	9,190	148	170

	Group		Company	
	30 April 2019 (S\$'000)	31 October 2018 (S\$'000)	30 April 2019 (S\$'000)	31 October 2018 (S\$'000)
Current Liabilities				
Income Tax Payable	486	414	14	11
Trade and Other Payables	13,627	14,049	6,681	5,643
Provision	1,846	1,768	—	—
Derivative Financial Instruments	8	17	—	—
Loans and Borrowings	11,743	12,702	60	44
Deferred Income	7	7	—	—
	27,717	28,957	6,755	5,698
Liabilities Directly Associated with Assets Held for Sale	1,499	1,409	—	—
Total Current Liabilities	29,216	30,366	6,755	5,698
Total Liabilities	37,653	39,556	6,903	5,868
Total Equity and Liabilities	77,288	80,094	38,185	37,692

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

	Group			
	As at 30 April 2019		As at 31 October 2018	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount repayable in one year or less, or on demand	9,465	2,277	9,846	2,857
Amount repayable after one year	4,635	369	5,344	349

Details of any collateral

As at 30 April 2019, secured loans and borrowings comprised:

- Finance lease liabilities of S\$2,466,000 (31 October 2018: S\$1,992,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$7,666,000 (31 October 2018: S\$8,278,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$2,050,000 (31 October 2018: S\$2,181,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$1,918,000 (31 October 2018: S\$2,739,000) 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 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)
<u>Cash Flows From Operating Activities</u>				
Profit/(Loss) Before Income Tax	105	(378)	(617)	(1,448)
Depreciation of Property, Plant and Equipment	917	895	1,744	1,843
Gain on Disposal of Property, Plant and Equipment	(96)	(45)	(114)	(46)
Amortisation of Intangible Assets	21	35	43	70
Amortisation of Land Use Rights	15	10	30	31
Share of Results from an Associates and a Jointly-Controlled Entity, Net of Tax	8	9	93	55
Net Fair Value Gain on Derivative Financial Instruments	(99)	(26)	(17)	(54)
Provision for Retirement Benefit Obligations Expenses, Net	11	10	21	20
Amortisation of Deferred Income	(1)	(1)	(3)	(3)
Finance Lease Income	(277)	(298)	(559)	(601)
Finance Income	(12)	(15)	(19)	(27)
Finance Costs	230	279	490	562
Operating Cash Flows Before Changes in Working Capital	822	475	1,092	402
Inventories	(391)	891	(485)	576
Trade and Other Receivables	(155)	311	1,302	1,112
Finance Lease Receivable	206	177	407	296
Other Assets	65	(141)	35	(253)
Trade and Other Payables	39	1,276	(287)	1,537
Other Liabilities	—	(535)	—	(535)
Finance Lease Income Received	277	298	559	601
Retirement Benefit Obligations Paid	9	—	(13)	—
Net Cash Flows From Operations Before Income Tax	872	2,752	2,610	3,736
Income Tax Paid	(53)	(64)	(158)	(97)
Net Cash Flows From Operating Activities	819	2,688	2,452	3,639
<u>Cash Flows From Investing Activities</u>				
Acquisition of Property, Plant and Equipment	(422)	(714)	(987)	(1,386)
Proceeds from Disposal of Property, Plant and Equipment	164	121	348	121
(Loan to)/Repayment from a Jointly-Controlled Entity	(77)	21	55	327
Interest Income Received	12	15	19	27
Net Cash Flows Used In Investing Activities	(323)	(557)	(565)	(911)
<u>Cash Flows From Financing Activities</u>				
Proceeds from Loans and Borrowings	(50)	(112)	61	1,794
Repayments of Loans and Borrowings	(198)	(1,406)	(1,457)	(2,519)
Interest Expenses Paid	(221)	(268)	(454)	(539)
Share Buy-Back	(29)	—	(29)	—
Dividends Paid to Non-Controlling Interests of Subsidiaries	(203)	(202)	(203)	(202)
(Decrease)/Increase in Cash Restricted in Use Over 3 Months ^(a)	(11)	87	(672)	89
Net Cash Flows Used In Financing Activities	(712)	(1,901)	(2,754)	(1,377)

	Group			
	Q2 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)
Net (Decrease)/Increase in Cash and Cash Equivalents	(216)	230	(867)	1,351
Effect of Exchange Rate Changes on Cash and Cash Equivalents	18	(117)	(146)	(231)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	(854)	776	(39)	(231)
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	(1,052)	889	(1,052)	889
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents ^(b)	2,836	5,882	2,836	5,882
Cash Restricted in Use	(2,247)	(2,407)	(2,247)	(2,407)
Bank Overdrafts	(1,641)	(2,586)	(1,641)	(2,586)
Cash and Cash Equivalents At End of Period	(1,052)	889	(1,052)	889

(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\$2,101,000 (30 April 2018: S\$2,326,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$639,000 (1H FY2018: S\$95,000) 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)	Treasury Shares (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 2018	48,170	–	(6,899)	(5,220)	2,300	(481)	37,870	2,669	40,539
Total Comprehensive (Loss)/Profit									
(Loss)/Profit for the Period	–	–	(1,067)	–	–	–	(1,067)	55	(1,012)
Other Comprehensive Income									
Exchange Differences on Translating Foreign Operations, Net of Tax	–	–	–	149	(17)	(32)	100	196	296
Effective Portion of Changes in Fair Value of Cash Flow Hedges	–	–	–	–	44	–	44	–	44
Dividends Paid to Non-Controlling Interests of Subsidiaries	–	–	–	–	–	–	–	(203)	(203)
Treasury Shares	–	(29)	–	–	–	–	(29)	–	(29)
	–	(29)	–	149	27	(32)	115	(7)	108
At 30 April 2019	48,170	(29)	(7,966)	(5,071)	2,327	(513)	36,918	2,717	39,635

	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 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

<u>Company</u>	Share Capital (S\$'000)	Treasury Shares (S\$'000)	Accumulate d Losses (S\$'000)	Total Equity (S\$'000)
<u>Current Period</u>				
At 1 November 2018	48,170	—	(16,346)	31,824
Total Comprehensive Loss for the Period	—	—	(513)	(513)
Treasury Shares	—	(29)	—	(29)
At 30 April 2019	48,170	(29)	(16,859)	31,282
<u>Previous Period</u>				
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

- 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 Shares	Paid-up Capital (S\$'000)
Ordinary Shares		
At 1 November 2018 and 30 April 2019	957,483,029	48,170
Treasury Shares		
At 1 November 2018	—	—
Purchase of treasury shares	(996,900)	(29)
At 30 April 2019	(996,900)	(29)
Issued ordinary shares net of treasury shares	956,486,129	48,141

- 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 2019 (31 October 2018: 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 996,900 of treasury shares held by the Company as at 30 April 2019.

- 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 2018 (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 2018.

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 FY2019 (cents)	Q2 FY2018 (cents)	1H FY2019 (cents)	1H FY2018 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.020)	(0.058)	(0.112)	(0.157)
(ii) On a fully diluted basis	(0.020)	(0.058)	(0.112)	(0.157)

Earnings per share for the quarter ended 30 April 2019

Basic earnings per share for Q2 FY2019 is calculated based on the loss attributable to owners of the Company of S\$194,000 (Q2 FY2018: loss attributable to owners of the Company of S\$553,000) and on 956,486,129 (Q2 FY2018: 957,483,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q2 FY2019 is calculated based on 956,486,129 (Q2 FY2018: 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 2019

Basic earnings per share for 1H FY2019 is calculated based on the loss attributable to owners of the Company of S\$1,067,000 (1H FY2018: loss attributable to owners of the Company of S\$1,505,000) and on 956,486,129 (1H FY2018: 957,483,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for 1H FY2019 is calculated based on 956,486,129 (1H FY2018: 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 2019 (cents)	31 October 2018 (cents)	30 April 2019 (cents)	31 October 2018 (cents)
Net asset value per ordinary share at end of period/year	3.86	3.96	3.27	3.32

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$36,918,000 (31 October 2018: S\$37,869,000) and 956,486,129 (31 October 2018: 957,483,029) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$31,282,000 (31 October 2018: S\$31,824,000) and 956,486,129 (31 October 2018: 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 FY2019 (S\$'000)	Q2 FY2018 (S\$'000)	% Change	1H FY2019 (S\$'000)	1H FY2018 (S\$'000)	% Change
Revenue						
Renewable Energy Segment	2,170	2,527	(14.1%)	5,135	5,127	0.2%
Resource Recovery Segment	11,247	12,148	(7.4%)	21,683	24,045	(9.8%)
Integrated Environmental Management Solutions Segment	159	249	(36.1%)	224	287	(22.0%)
Total	13,576	14,924	(9.0%)	27,042	29,459	(8.2%)

The Group's revenue for the second quarter ended 30 April 2019 ("Q2 FY2019") of S\$13.58 million was S\$1.35 million or 9.0% lower as compared to the corresponding period of last financial year ("Q2 FY2018"). The Group's revenue for the half-year ended 30 April 2019 ("1H FY2019") of S\$27.04 million was S\$2.42 million or 8.2% lower as compared to the corresponding period of last financial year ("1H FY2018").

Q2 FY2019 revenue decreased by 9.0% mainly due to lower revenue recorded by the Group's renewable energy, resource recovery and integrated environmental management solutions segments attributable to decrease in collection fee from used copper slag and decrease in revenue from technical support services rendered.

1H FY2019 revenue decreased by 8.2% mainly due to lower revenue recorded by the Group's resource recovery segment and integrated environmental management solutions segment attributable to decrease in collection fee from used copper slag and decrease in revenue from technical support services rendered. 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 1H FY2019 as compared to 1H FY2018.

The Group's gross profit margin of 18.6% for Q2 FY2019 and 17.5% in 1H FY2019 were higher compared to 13.8% in Q2 FY2018 and 14.3% in 1H FY2018 mainly due to lower direct cost from the Group's resource recovery segment from the sale of rubber compounds, retreaded tyres and other materials, decrease in manpower cost, depreciation and upkeep and repair cost for machineries and equipment.

The Group's gross profit of S\$2.53 million in Q2 FY2019 and S\$4.75 million in 1H FY2019 were higher as compared to S\$2.06 million in Q2 FY2018 and S\$4.22 million in 1H FY2018. This was mainly contributed from the lower direct cost from the Group's resource recovery segment under SRR Group and decreased in manpower and upkeep and repair cost for machinery and equipment.

Other gains decreased by S\$0.22 million to S\$0.29 million in Q2 FY2019 and decreased by S\$0.24 million to S\$0.32 million in 1H FY2019 respectively mainly due to decrease in gain in foreign currency exchanges.

Marketing and distribution expenses decreased by 17.7% to S\$0.50 million in Q2 FY2019 and decreased by 16.5% to S\$1.03 million in 1H FY2019 respectively mainly due to lower sales commission, staff salary, sales representatives' expenses and upkeep of motor vehicles.

Administrative expenses decreased by 3.7% to S\$1.97 million in Q2 FY2019 mainly due to decrease in manpower cost attributed to lower headcount, insurance, upkeep of office and office equipment, upkeep of plant and equipment, utilities expenses partially offset by increase in audit fee, depreciation charge, office expenses, professional and legal fee and travelling, transport and accommodation. Administrative expenses decreased by 6.9% to S\$4.01 million in 1H FY2019 mainly due to decrease in manpower cost attributed to lower headcount, entertainment, upkeep for motor vehicles, upkeep for office and office equipment, upkeep of plant and equipment and utilities expenses partially offset by increase in audit fee, consultancy fees, depreciation charge, office expenses and professional and legal fee.

Depreciation expenses increased by 2.5% to S\$0.92 million in Q2 FY2019 mainly due to newly acquired of plant and machinery. Depreciation expenses decreased by 5.4% to S\$1.74 million in 1H FY2019 mainly due to some of the machinery and equipment are fully depreciated.

Other losses increased by 100.0% to S\$0.02 million in Q2 FY2019 mainly due to foreign currency exchange losses. Other losses increased by 9.9% to S\$0.10 million in 1H FY2019 mainly due to foreign currency exchange losses and loss in derivative financial instrument.

Share of losses from an associate and a jointly-controlled entity of S\$0.01 million in Q2 FY2019 and S\$0.09 million in 1H FY2019 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 profit before tax of S\$0.11 million in Q2 FY2019 and loss before tax of S\$0.62 million in 1H FY2019 mainly due to higher gross margin which lower in cost of sales, marketing and distribution expenses, administrative expenses and finance cost.

The Group recorded income tax expense of S\$0.27 million in Q2 FY2019 and S\$0.40 million in 1H FY2019 as compared to income tax expense of S\$0.13 million in Q2 FY2018 and income tax income of S\$0.04 million in 1H FY2018 mainly due to taxation charges of SRR Group's retreaded tyres and rubber compounds businesses in Malaysia under resource recovery segment.

As a result of the above factors, the Group recorded a loss of S\$0.16 million in Q2 FY2019 as compared to a loss of S\$0.50 million in Q2 FY2018 and a loss of \$1.01 million in 1H FY2019 as compared to a loss of S\$1.40 million in 1H FY2018.

Statement of Financial Position

The Group's non-current assets decreased by 1.6% or S\$0.74 million to S\$46.68 million as at 30 April 2019.

The Group's property, plant and equipment decreased by S\$0.36 million to S\$30.34 million as at 30 April 2019 mainly attributable to the disposal of plant and equipment of S\$0.24 million, depreciation charges of S\$1.74 million and effects of movements in foreign exchange rates of S\$0.01 million partially offset by acquisition of new plant and equipment of S\$1.63 million .

Investments in an associate and a jointly-controlled entity increased by S\$0.20 million, collectively, mainly due to effects of movements in foreign exchange rates gains of S\$0.29 million partially offset by the Group's share of losses from an associate and a jointly-controlled entity of S\$0.09 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\$10.54 million as at 31 October 2018 to S\$10.13 million as at 30 April 2019 attributable to billings to, and collections from, the customer.

The Group's current assets decreased by S\$2.07 million to S\$30.61 million as at 30 April 2019 mainly due to decrease in income tax receivables by S\$0.21 million, trade and other receivables by S\$1.34 million, other assets by S\$0.04 million, cash and cash equivalents by S\$1.10 million partially offset by increase in inventories by S\$0.44 million, finance lease receivable of S\$0.07 million, derivative financial instruments by S\$0.05 million, assets held for sale of S\$0.06 million. The decrease in trade and other receivables was mainly attributable to lower revenue recorded under the Group's renewable energy and resource recovery segments and better collections from customers.

The Group's non-current liabilities decreased by S\$0.75 million mainly due to repayment of loans and borrowings.

The Group's current liabilities had decreased by S\$1.15 million to S\$29.22 million as at 30 April 2019 mainly due to decrease in trade and other payables by S\$0.42 million, derivative financial instruments by S\$0.01 million and loans and borrowings by S\$0.96 million partially offset by increased in income tax payable by S\$0.07 million, provision by S\$0.08 and liabilities directly associated with assets held for sale by S\$0.09 million.

The Group's total loans and borrowings decreased by S\$1.65 million mainly due to repayment of loans and borrowings of S\$1.46 million, decrease in bank overdraft of S\$0.81 million and effects of movements in foreign exchange rates of S\$0.08 million partially offset by proceeds from loans and borrowings of S\$0.70 million.

Statement of Cash Flow

For the period ended 30 April 2019

The Group's cash and cash equivalents decreased by S\$0.87 million in 1H FY2019 due to net positive cash flows from operating activities of S\$2.45 million, net cash flows used in investing activities of S\$0.57 million and net cash flows used in financing activities of S\$2.75 million.

Net cash flows from operating activities for Q2 FY2019 was S\$1.87 million lower compared to corresponding period Q2 FY2018, mainly attributable to decrease in inventories of S\$1.28 million, trade and other receivables of S\$0.47 million and trade and other payables of S\$1.24 million and partially offset by increase in profit before income tax of S\$0.48 million, increase in finance lease receivables of S\$0.03 million, increase in other assets of S\$ 0.21 million and decrease in other liabilities of S\$0.54 million. The decrease in trade and other receivables was due to better collections from debtors and decrease in revenue compared to Q2 FY2018. The decrease in inventories was due to reduction in inventory holding period and the decrease in trade and other payables due to prompt payment to suppliers by the Group in Q2 FY2019 compared to Q2 FY2018.

Net cash flows from operating activities for 1H FY2019 was S\$1.19 million lower than 1H FY2018, and was mainly attributable to decrease in loss before income tax of S\$0.83 million, inventories of S\$1.06 million, trade and other payables of S\$1.82 million and retirement benefit obligations paid of S\$0.01, partially offset by increased in finance lease receivables of S\$0.11 million, increase in other assets of S\$ 0.29 million, increase in trade and other receivables of S\$0.19 million, and decrease in other liabilities of S\$0.54 million. The decrease in inventories was due to reduction in inventory holding period and decreased in trade and other payables is due to prompt payment to suppliers by the Group in 1H FY2019 compared to 1H FY2018.

Cash flows used in investing activities of S\$0.57 million for 1H FY2019 comprised mainly the Group's capital expenditure on property, plant and equipment of S\$0.99 million partially offset by repayment from a jointly-controlled entity of S\$0.05 million, proceeds from disposal of property, plant and equipment of S\$0.35 million and interest income received of S\$0.02 million.

Cash flows used in financing activities of S\$2.75 million for 1H FY2019 comprised mainly repayments of loans and borrowings of S\$1.46 million, finance cost of S\$0.45 million, share buy-back of S\$0.03 million, dividends paid to non-controlling interest of subsidiaries of S\$0.20 million and increased in cash restricted of S\$0.67 and partially offset by proceeds from loan and borrowings of S\$0.06 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 decline.

The Group's current plan is to maintain 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 Pte. Ltd. together with its subsidiary (please refer to the announcements made for more details).

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 2019.
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 30 April 2019 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 2019

This announcement has been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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