ECOWISE HOLDINGS LIMITED
Company Registration No. 200209835C

Unaudited Financial Statements for the Third Quarter and Period Ended 31 July 2018

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q3)

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					
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	% Change	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)	% Change
Revenue	13,457	14,494	(7.2%)	42,916	37,755	13.7%
Cost of Sales	(11,596)	(11,892)	(2.5%)	(36,831)	(30,274)	21.7%
Gross Profit	1,861	2,602	(28.5%)	6,085	7,481	(18.7%)
Other Items of Income						
Finance Income	9	14	(35.7%)	36	44	(18.2%)
Other Gains	30	202	(85.1%)	597	456	30.9%
Other Items of Expenses						
Marketing and Distribution Expenses	(612)	(587)	4.3%	(1,846)	(1,910)	(3.3%)
Administrative Expenses	(2,324)	(2,053)	13.2%	(6,628)	(6,492)	2.1%
Finance Costs	(279)	(262)	6.5%	(861)	(750)	14.6%
Other Losses	(799)	7	n/m	(890)	(603)	47.6%
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	(115)	(166)	(30.7%)	(170)	(845)	(79.9%)
Loss Before Income Tax	(2,229)	(243)	817.3%	(3,677)	(2,619)	40.4%
Income Tax Income	41	60	(31.7%)	85	96	(11.5%)
Loss for the Period	(2,188)	(183)	1,095.6%	(3,592)	(2,523)	42.4%
Other Comprehensive (Loss)/Income						
Exchange Differences on Translating Foreign Operations, Net of Tax	(115)	(326)	(64.7%)	948	(854)	(210.9%)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(23)	(6)	283.3%	(31)	1	n/m
Total Other Comprehensive (Loss)/Income for the Period	(138)	(332)	(58.4%)	917	(853)	(207.4%)
Total Comprehensive Loss for the Period	(2,326)	(515)	351.7%	(2,675)	(3,376)	(20.8%)

	Group					
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	% Change	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)	% Change
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(2,215)	(154)	1,338.3%	(3,720)	(2,685)	38.5%
Non-Controlling Interests	27	(29)	n/m	128	162	(21.0%)
Loss for the Period	(2,188)	(183)	1,095.6%	(3,592)	(2,523)	42.4%
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(2,287)	(439)	421.0%	(2,991)	(3,378)	(11.5%)
Non-Controlling Interests	(39)	(76)	(48.7%)	316	2	n/m
Total Comprehensive Loss for the Period	(2,326)	(515)	351.7%	(2,675)	(3,376)	(20.8%)

"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			
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)
Finance Lease Income	293	312	894	950
Finance Income – Interest Income	9	14	36	44
Finance Costs	(279)	(262)	(861)	(750)
Depreciation of Property, Plant and Equipment	(920)	(835)	(2,763)	(1,986)
Amortisation of Intangible Assets	(36)	(20)	(106)	(61)
Amortisation of Land Use Rights	(16)	(24)	(47)	(64)
Gain on Disposal of Property, Plant and Equipment	26	24	72	82
Net Fair Value (Loss)/Gain on Derivative Financial Instruments	(220)	(132)	(165)	9
Foreign Exchange (Loss)/Gain, Net	(530)	305	(423)	(263)
Government Grant Income	-	2	74	48
Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years	(7)	(2)	39	28
Provision for Retirement Benefit Obligations Expenses, Net	(10)	(9)	(30)	(28)
Amortisation of Deferred Income	2	2	5	5
Allowance for Doubtful Receivables – (Made)/Reversal	(50)	1	(47)	4
Allowance for Inventory Obsolescence – (Made)/Reversal	(1)	2	15	(16)
Amortisation of Deferred Expenses	-	(4)	-	(14)
Equity-Settled Share-Based Expenses	-	-	-	(85)
Loss on Disposal of Other Financial Assets	-	-	-	(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	
	31 July 2018 (S$'000)	31 October 2017 (S$'000)	31 July 2018 (S$'000)	31 October 2017 (S$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	29,341	29,279	418	386
Intangible Assets	1,240	1,295	-	-
Land Use Rights	1,418	1,500	-	-
Investments in Subsidiaries	-	-	38,478	38,475
Investments in an Associate	1,883	3,904	-	-
Investment in a Jointly-Controlled Entity	1,827	2,047	-	-
Finance Lease Receivable	9,849	10,475	-	-
Other Assets	298	312	-	-
Deferred Tax Assets	983	697	-	-
Total Non-Current Assets	46,839	49,509	38,896	38,861
Current Assets				
Inventories	7,164	7,470	-	-
Income Tax Receivables	382	335	-	-
Trade and Other Receivables	16,967	21,200	5,917	4,745
Finance Lease Receivable	882	811	-	-
Derivative Financial Instruments	2	91	-	-
Other Assets	1,337	1,361	35	82
Cash and Cash Equivalents	5,170	5,278	373	413
	31,904	36,546	6,325	5,240
Assets of Disposal Group Classified as Held for Sale	1,097	1,130	-	-
Total Current Assets	33,001	37,676	6,325	5,240
Total Assets	79,840	87,185	45,221	44,101
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	48,170	48,170
Accumulated Losses	(5,824)	(2,104)	(10,824)	(10,346)
Foreign Currency Translation Reserve	(4,765)	(5,339)	-	-
Other Reserves	2,317	2,214	-	-
Reserve of Disposal Group Classified as Held for Sale	(485)	(537)	-	-
Equity Attributable to Owners of the Company	39,413	42,404	37,346	37,824
Non-Controlling Interests	2,369	2,245	-	-
Total Equity	41,782	44,649	37,346	37,824
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	819	734	-	-
Loans and Borrowings	6,321	6,659	181	369
Deferred Tax Liabilities	1,728	1,770	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	8	13	-	-
Total Non-Current Liabilities	9,226	9,526	181	369

	Group		Company	
	31 July 2018 (S$'000)	31 October 2017 (S$'000)	31 July 2018 (S$'000)	31 October 2017 (S$'000)
Current Liabilities				
Income Tax Payable	264	317	9	17
Trade and Other Payables	13,361	15,236	7,052	4,562
Other Liabilities	-	840	-	-
Derivative Financial Instruments	108	5	-	-
Loans and Borrowings	13,643	15,095	633	1,329
Deferred Income	7	6	-	-
	27,383	31,499	7,694	5,908
Liabilities Directly Associated with Assets Held for Sale	1,449	1,511	-	-
Total Current Liabilities	28,832	33,010	7,694	5,908
Total Liabilities	38,058	42,536	7,875	6,277
Total Equity and Liabilities	79,840	87,185	45,221	44,101

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

	Group			
	As at 31 July 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	9,454	4,189	10,181	4,914
Amount repayable after one year	6,001	320	6,044	615

Details of any collateral

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

- Finance lease liabilities of S$2,162,000 (31 October 2017: S$1,989,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S$7,730,000 (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$2,256,000 (31 October 2017: S$849,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S$3,307,000 (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			
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)
Cash Flows From Operating Activities				
Losses Before Income Tax	(2,229)	(243)	(3,677)	(2,619)
Depreciation of Property, Plant and Equipment	920	834	2,763	1,985
Gain on Disposal of Property, Plant and Equipment	(26)	(27)	(72)	(85)
Amortisation of Intangible Assets	36	20	106	61
Amortisation of Land Use Rights	16	26	47	64
Share of Results from an Associates and a Jointly-Controlled Entity, Net of Tax	115	167	170	845
Net Fair Value Gain/(Loss) on Derivative Financial Instruments	220	133	165	(9)
Amortisation of Deferred Expenses	-	4	-	14
Provision for Retirement Benefit Obligations Expenses, Net	10	9	30	28
Amortisation of Deferred Income	(2)	(2)	(5)	(5)
Finance Lease Income	(293)	(312)	(894)	(950)
Finance Income	(9)	(14)	(36)	(44)
Finance Costs	299	261	861	750
Equity-Settled Share-Based Expenses	-	-	-	85
Loss on Disposal of Other Financial Assets	-	-	-	43
Amortisation of Deferred Consideration		(4)		(4)
Operating Cash Flows Before Changes in Working Capital	(943)	852	(542)	159
Inventories	22	485	598	1,143
Trade and Other Receivables	2,576	(2,515)	3,688	(501)
Finance Lease Receivable	259	170	555	498
Other Assets	292	(41)	39	(204)
Trade and Other Payables	(3,215)	1,406	(1,678)	(242)
Other Liabilities	-	-	(535)	(150)
Finance Lease Income Received	293	312	894	950
Retirement Benefit Obligations Paid	-	-	-	(6)
Net Cash Flows (Used in)/From Operations Before Income Tax	(716)	669	3,019	1,647
Income Tax Paid	(267)	(80)	(364)	(47)
Net Cash Flows (Used in)/From Operating Activities	(983)	589	2,655	1,600
Cash Flows From Investing Activities				
Acquisition of Property, Plant and Equipment	(557)	(1,078)	(1,943)	(1,849)
Proceeds from Disposal of Property, Plant and Equipment	162	234	283	357
Repayment from/(Loan to) a Jointly-Controlled Entity	4	(465)	331	(703)
Interest Income Received	9	14	36	44
Acquisition of Subsidiary, Net of Cash	-	(10)	-	(10)
Share Capital Reduction from Investment in an Associate Company	2,148	-	2,148	-
Proceeds from Disposal of Other Financial Assets	-	-	-	1,014
Net Cash Flows From/(Used In) Investing Activities	1,766	(1,305)	855	(1,147)

	Group			
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)
Cash Flows From Financing Activities				
Proceeds from Loans and Borrowings	-	506	1,768	1,928
Repayments of Loans and Borrowings	(1,324)	(357)	(3,817)	(2,742)
Interest Expenses Paid	(268)	(236)	(807)	(718)
Acquisition of Non-Controlling Interests without Change in Control	-	-	-	(192)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	(202)	(177)
(Increase)/Decrease in Cash Restricted in Use Over 3 Months[(a)]	(32)	(1,065)	57	(1,312)
Net Cash Flows Used In Financing Activities	(1,624)	(1,152)	(3,001)	(3,213)
Net (Decrease)/Increase in Cash and Cash Equivalents	(841)	(1,868)	509	(2,760)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	242	(38)	12	(133)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	889	3,755	(231)	4,742
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	290	1,849	290	1,849
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents[(b)]	5,170	6,151	5,170	6,151
Cash Restricted in Use	(2,439)	(2,465)	(2,439)	(2,465)
Bank Overdrafts	(2,441)	(1,837)	(2,441)	(1,837)
Cash and Cash Equivalents At End of Period	290	1,849	290	1,849

(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$2,292,000 (31 July 2017: S$2,215,000).

Non-Cash Transactions

Property, plant and equipment amounting to S$250,000 (YTD FY2017: S$188,000) 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	-	(3,720)	-	-	-	(3,720)	128	(3,592)
Other Comprehensive Income								
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	574	134	52	760	188	948
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	(31)	-	(31)	-	(31)
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
	-	-	574	103	52	729	(4)	725
At 31 July 2018	48,170	(5,824)	(4,765)	2,317	(485)	39,413	2,369	41,782

	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	-	(2,685)	-	-	-	(2,685)	162	(2,523)
Other Comprehensive Income								
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(735)	41	-	(694)	(160)	(854)
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	-	-	-	-	-	-	(352)	(352)
Negative Goodwill Arising from Acquisition of Interest in Subsidiary from Non-Controlling Interest	-	241	-	-	-	241	-	241
Issue of Ordinary Shares Under Performance Share Plan	135	-	-	(50)	-	85	-	85
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	-	(175)	(175)
	135	241	(735)	(8)	-	(367)	(687)	(1,054)
At 31 July 2017	48,170	(4,433)	(6,259)	2,164	-	39,642	2,161	41,803

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	-	(478)	-	(478)
At 31 July 2018	48,170	(10,824)	-	37,346
Previous Period				
At 1 November 2016	48,035	(5,858)	50	42,227
Total Comprehensive Loss for the Period	-	(82)	-	(82)
Issue of Ordinary Shares Under ecoWise Performance Share Plan	135	-	(50)	85
At 31 July 2017	48,170	(5,921)	-	42,230

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 July 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 31 July 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 July 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			
	Q3 FY2018 (cents)	Q3 FY2017 (cents)	YTD FY2018 (cents)	YTD FY2017 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.231)	(0.016)	(0.389)	(0.281)
(ii) On a fully diluted basis	(0.231)	(0.016)	(0.389)	(0.281)

Earnings per share for the quarter ended 31 July 2018

Basic earnings per share for Q3 FY2018 is calculated based on the loss attributable to owners of the Company of S$2,215,000 (Q3 FY2017: loss attributable to owners of the Company of S$154,000) and on 957,483,029 (Q3 FY2017: 957,483,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q3 FY2018 is calculated based on 957,483,029 (Q3 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 nine month ended 31 July 2018

Basic earnings per share for YTD FY2018 is calculated based on the loss attributable to owners of the Company of S$3,720,000 (YTD FY2017: loss attributable to owners of the Company of S$2,685,000) and on 957,483,029 (YTD FY2017: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for YTD FY2018 is calculated based on 957,483,029 (YTD 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	
	31 July 2018 (cents)	31 October 2017 (cents)	31 July 2018 (cents)	31 October 2017 (cents)
Net asset value per ordinary share at end of period/year	4.12	4.43	3.90	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$39,413,000 (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$37,346,000 (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					
	Q3 FY2018 (S$'000)	Q3 FY2017 (S$'000)	% Change	YTD FY2018 (S$'000)	YTD FY2017 (S$'000)	% Change
Revenue						
Renewable Energy Segment	2,595	2,810	(7.7%)	7,722	8,093	(4.6%)
Resource Recovery Segment	10,661	10,750	(0.8%)	34,706	28,430	22.1%
Integrated Environmental Management Solutions Segment	201	934	(78.5%)	488	1,232	(60.4%)
Total	13,457	14,494	(7.2%)	42,916	37,755	13.7%

The Group's revenue for the third quarter ended 31 July 2018 ("Q3 FY2018") of S$13.46 million was S$1.04 million or 7.2% lower as compared to the corresponding period of last financial year ("Q3 FY2017"). The Group's revenue for the nine months ended 31 July 2018 ("YTD FY2018") of S$42.92 million was S$5.16 million or 13.7% higher as compared to the corresponding period of last financial year ("YTD FY2017").

Q3 FY2018 revenue decreased by 7.2% mainly due to lower revenue recorded by the Group's integrated environmental management solutions segment attributable to the completion of Novartis Project and technical support services rendered.

YTD FY2018 revenue increased by 13.7% 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 YTD FY2018 as compared to YTD FY2017.

The Group's gross profit margin of 13.8% for Q3 FY2018 and 14.2% in YTD FY2018 were lower compared to 18.0% in Q3 FY2017 and 19.8% in YTD 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$1.86 million in Q3 FY2018 and S$6.09 million in YTD FY2018 were lower as compared to S$2.60 million in Q3 FY2017 and S$7.48 million in YTD 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 and integrated environmental management solutions segment partially offset by increased revenue from the resource recovery segment.

Other gains decreased by S$0.17 million to S$0.03 million in Q3 FY2018 mainly due to decrease in gain of foreign exchange in Q3 FY2018. Other gains increased by S$0.14 million to S$0.60 million in YTD FY2018 mainly due to gains from bargain purchase of S$0.17 million, increase government grant income of S$0.03 million and insurance claim of S$0.03 million partially offset by decreased in gains on foreign exchange in YTD FY2018.

Marketing and distribution expenses increased by 4.3% to S$0.61 million in Q3 FY2018 mainly due to higher consultancy fees. Marketing and distribution expenses decreased by 3.3% to S$1.85 million in YTD FY2018 mainly due to lower sales commission, staff bonus and salary and sales representative expenses.

Administrative expenses increased by 13.2% to S$2.32 million in Q3 FY2018 mainly due to increase in depreciation charge, staff salary and bonus and professional and legal fee partially offset by decrease in consultation fee, entertainment expenses, operating lease expenses, property tax and utilities. Administrative expenses increased by 2.1% to S$6.63 million in YTD FY2018 mainly due to increase in manpower cost attributable to higher headcount, professional and legal fees, depreciation charge, directors' fee and amortization of non-compete agreement partially offset by decrease in audit fee, directors' remuneration, consultation fee, entertainment expenses, operating lease expenses, property tax, travelling, transport and accommodation expenses, upkeep of plant and equipment, utilities and no provision of equity-settled share-based expenses.

Depreciation expenses increased by 10.2% to S$0.92 million in Q3 FY2018 and by 39.1% to S$2.76 million in YTD FY2018 mainly due to newly acquired subsidiaries, newly acquired motor vehicles and office units.

Other losses increased by S$0.81 million in Q3 FY2018 and by 47.6% to S$0.89 million in YTD FY2018 mainly due to higher foreign exchange loss, doubtful debts and higher loss in derivative financial instrument.

Share of losses from an associate and a jointly-controlled entity of S$0.12 million in Q3 FY2018 and S$0.17 million in YTD 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$2.23 million in Q3 FY2018 and S$3.68 million in YTD FY2018 mainly due to lower revenue generated, higher cost of sales, depreciation charges and finance cost.

The Group recorded income tax income of S$0.04 million in Q3 FY2018 and income tax income of S$0.09 million in YTD FY2018 as compared to income tax income of S$0.06 million in Q3 FY2017 and income tax income of S$0.10 million in YTD FY2017, mainly due to income tax and deferred tax liabilities recognised from the Group's profitable renewable energy segment in Q3 FY2018 and deferred tax assets recognised from losses of the Group's resources recovery and integrated environmental management solutions segment in YTD FY2018.

As a result of the above factors, the Group recorded a loss of S$2.19 million in Q3 FY2018 as compared to a loss of S$0.18 million in Q3 FY2017 and a loss of S$3.59 million in YTD FY2018 as compared to a loss of S$2.52 million in YTD FY2017.

Statement of Financial Position

The Group's non-current assets decreased by 5.4% or S$2.67 million to S$46.84 million as at 31 July 2018.

The Group's property, plant and equipment increased by S$0.06 million to S$29.34 million as at 31 July 2018 and this is mainly attributable to the acquisition of new plant and equipment of S$2.19 million, the effects of movements in foreign exchange rates of S$0.63 million and additional plant and machinery of S$0.21 million from the newly acquired subsidiary partially offset by the disposal of plant and equipment of S$0.21 million as well as depreciation charges of S$2.76 million.

Investments in an associate and a jointly-controlled entity decreased by S$2.24 million, collectively, mainly due to effects of movements in foreign exchange rates gains of S$0.08 million partially offset by the Group's share of losses from an associate and a jointly-controlled entity of S$0.17 million and reduction of share capital investment in an associate company of S$2.15 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$10.73 million as at 31 July 2018 attributable to billings to, and collections from, the customer.

The Group's current assets decreased by S$4.68 million to S$33.00 million as at 31 July 2018 mainly due to decrease in inventories by S$0.31 million, trade and other receivables by S$4.23 million, other assets by S$0.02 million, derivative financial instruments by S$0.09 million, assets held for sale of S$0.03 million and cash and cash equivalents by S$0.11 million partially offset with increase in income tax receivables by S$0.04 million and finance lease receivable of S$0.07 million. The decrease in inventories was mainly attributable to clearing old and slow moving stock and reducing the purchase of inventories and the decrease in trade and other receivables was mainly attributable to lower revenue recorded under the Group's integrated environmental management solutions segment.

The Group's non-current liabilities decreased marginally by S$0.30 million mainly due to repayment of loans and borrowings and increase in the provision for retirement benefit obligations.

The Group's current liabilities had decreased by S$4.18 million to S$28.83 million as at 31 July 2018 mainly due to decrease in trade and other payables by S$1.88 million, income tax payable by S$0.05 million, other liabilities by S$0.84 million, loans and borrowings by S$1.45 million and liabilities directly associated with assets held for sale by S$0.06 million partially offset by increase in derivative financial instruments by S$0.10 million.

The Group's total loans and borrowings decreased by S$1.79 million mainly due to repayment of loans and borrowings of S$3.82 million and decrease in bank overdraft of S$0.55 million partially offset by proceeds from loans and borrowings of S$2.02 million and effects of movements in foreign exchange rates of S$0.56 million.

Statement of Cash Flow

For the period ended 31 July 2018

The Group's cash and cash equivalents increased by S$0.51 million in YTD FY2018 due to net positive cash flows from operating activities of S$2.66 million, net cash flows from investing activities of S$0.85 million and net cash flows used in financing activities of S$3.00 million.

Net cash flows used in operating activities for Q3 FY2018 was S$1.57 million higher compared to corresponding period Q3 FY2017, mainly attributable to increase in loss before income tax of S$1.99 million, trade and other receivables of S$5.09 million, finance lease receivables of S$0.09 million and other assets of S$ 0.33 million partially offset by decrease in trade and other payables of S$4.62 million and inventories of S$0.46 million. The increase in trade and other receivables was due to slow collections from debtors compared to Q3 FY2017. 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 Q3 FY2018 compared to Q3 FY2017.

Net cash flows from operating activities for YTD FY2018 was S$1.06 million higher than YTD FY2017, and was mainly attributable to decrease in trade and other payables of S$1.44 million, inventories of S$0.55 million and other liabilities of S$0.39 million partially offset by increase in trade and other receivables of S$4.19 million, other assets of S$ 0.24 million and finance lease receivables of S$0.06 million. The increase in trade and other receivables was due to slow collections from debtors compared to YTD FY2017. The decrease in inventories was due to the reduction in inventory holding period and the decrease in trade and other payables due to prompt payment by the Group in YTD FY2018 compared to YTD FY2017.

Cash flows from investing activities of S$0.86 million for YTD FY2018 comprised mainly the Group's capital expenditure on property, plant and equipment of S$1.94 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$0.28 million, interest income received of S$0.04 million and proceeds from reduction of capital investment in an associate company of S$2.15 million.

Cash flows used in financing activities of S$3.00 million for YTD FY2018 comprised mainly repayments of loans and borrowings of S$3.82 million, finance cost of S$0.81 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$1.77 million and decrease in cash restricted in use 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, 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 decline.

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 Pte. Ltd. together with its subsidiary.

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 July 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 third quarter ended 31 July 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 Sept 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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