



ECOWISE HOLDINGS LIMITED  
Company Registration No. 200209835C

Unaudited Financial Statements for the Second Quarter and Half Year Ended 30 April 2017

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 FY2017 (S\$'000)	Q2 FY2016 (S\$'000)	% Change	1H FY2017 (S\$'000)	1H FY2016 (S\$'000)	% Change
<b>Revenue</b>	11,277	14,808	(23.8%)	23,261	28,790	(19.2%)
Cost of Sales	(8,843)	(12,093)	(26.9%)	(18,382)	(23,397)	(21.4%)
<b>Gross Profit</b>	2,434	2,715	(10.3%)	4,879	5,393	(9.5%)
<b><u>Other Items of Income</u></b>						
Finance Income	15	3	400.0%	30	19	57.9%
Other Gains	206	119	73.1%	254	127	100.0%
<b><u>Other Items of Expenses</u></b>						
Marketing and Distribution Expenses	(649)	(754)	(13.9%)	(1,322)	(1,548)	(14.6%)
Administrative Expenses	(2,309)	(1,918)	20.4%	(4,439)	(3,888)	14.2%
Finance Costs	(255)	(288)	(11.5%)	(489)	(591)	(17.3%)
Other Losses	(477)	(236)	102.1%	(610)	(535)	14.0%
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(121)	(278)	(56.5%)	(679)	(708)	(4.1%)
<b>Loss Before Income Tax</b>	(1,156)	(637)	81.5%	(2,376)	(1,731)	37.3%
Income Tax (Expense)/ Income	(97)	46	n/m	36	159	(77.4%)
<b>Loss for the Period</b>	(1,253)	(591)	112.0%	(2,340)	(1,572)	48.9%
<b><u>Other Comprehensive (Loss)/Income</u></b>						
Exchange Differences on Translating Foreign Operations, Net of Tax	(75)	(593)	(87.5%)	(529)	834	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	(39)	(100.0%)	7	104	(93.3%)
<b>Total Other Comprehensive (Loss)/Income for the Period</b>	(75)	(632)	(88.1%)	(522)	938	n/m
<b>Total Comprehensive Loss for the Period</b>	(1,328)	(1,223)	8.6%	(2,862)	(634)	351.4%

	Group					
	Q2 FY2017 (S\$'000)	Q2 FY2016 (S\$'000)	% Change	1H FY2017 (S\$'000)	1H FY2016 (S\$'000)	% Change
<b>(Loss)/Profit for the Period Attributable to:</b>						
Owners of the Company	(1,422)	(654)	117.4%	(2,531)	(1,645)	53.9%
Non-Controlling Interests	169	63	168.3%	191	73	161.6%
<b>Loss for the Period</b>	<b>(1,253)</b>	<b>(591)</b>	<b>112.0%</b>	<b>(2,340)</b>	<b>(1,572)</b>	<b>48.9%</b>
<b>Total Comprehensive (Loss)/Income for the Period Attributable to:</b>						
Owners of the Company	(1,521)	(1,107)	37.4%	(2,940)	(797)	268.9%
Non-Controlling Interests	193	(116)	n/m	78	163	(52.1%)
<b>Total Comprehensive Loss for the Period</b>	<b>(1,328)</b>	<b>(1,223)</b>	<b>8.6%</b>	<b>(2,862)</b>	<b>(634)</b>	<b>351.4%</b>

"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):

	<b>Group</b>			
	<b>Q2 FY2017 (S\$'000)</b>	<b>Q2 FY2016 (S\$'000)</b>	<b>1H FY2017 (S\$'000)</b>	<b>1H FY2016 (S\$'000)</b>
Finance Lease Income	317	334	638	670
Finance Income – Interest Income	15	3	30	19
Finance Costs	(255)	(288)	(489)	(591)
Depreciation of Property, Plant and Equipment	(520)	(750)	(1,151)	(1,472)
Amortisation of Intangible Assets	(21)	(22)	(41)	(43)
Amortisation of Land Use Rights	(23)	(6)	(40)	(12)
Gain/(Loss) on Disposal of Property, Plant and Equipment	15	(1)	58	(1)
Net Fair Value Gain/(Loss) on Derivative Financial Instruments	162	(6)	141	3
Foreign Exchange Loss, Net	(456)	(249)	(568)	(539)
Government Grant Income	46	100	46	100
Adjustments for Over/(Under) Provision for Taxation in Respect of Prior Years	3	(1)	30	(1)
Provision for Retirement Benefit Obligations Expenses, Net	(10)	(11)	(19)	(22)
Amortisation of Deferred Income	1	2	3	5
Allowance for Doubtful Receivables - Reversal	1	16	3	20
Allowance for Inventory Obsolescence – Made	(9)	(7)	(18)	(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 2017 (S\$'000)	31 October 2016 (S\$'000)	30 April 2017 (S\$'000)	31 October 2016 (S\$'000)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	23,948	24,963	153	198
Intangible Assets	1,225	1,304	-	-
Land Use Rights	2,485	2,561	-	-
Investments in Subsidiaries	-	-	41,937	42,933
Investments in Associates	3,341	3,826	-	-
Investment in Jointly-Controlled Entity	2,350	2,520	-	-
Other Financial Assets	-	1,057	-	-
Finance Lease Receivable	10,865	11,236	-	-
Other Receivable	649	635	-	-
Other Assets	310	318	-	-
Deferred Tax Assets	209	166	-	-
<b>Total Non-Current Assets</b>	<b>45,382</b>	<b>48,586</b>	<b>42,090</b>	<b>43,131</b>
<b>Current Assets</b>				
Inventories	6,913	7,778	-	-
Income Tax Receivables	393	434	-	-
Trade and Other Receivables	15,188	17,041	6,174	4,587
Finance Lease Receivable	767	724	-	-
Derivative Financial Instruments	74	-	-	-
Other Assets	1,226	1,067	121	91
Cash and Cash Equivalents	6,828	8,174	551	1,037
<b>Total Current Assets</b>	<b>31,389</b>	<b>35,218</b>	<b>6,846</b>	<b>5,715</b>
<b>Total Assets</b>	<b>76,771</b>	<b>83,804</b>	<b>48,936</b>	<b>48,846</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	48,170	48,035	48,170	48,035
Accumulated Losses	(4,395)	(1,989)	(5,921)	(5,858)
Foreign Currency Translation Reserve	(5,872)	(5,524)	-	-
Other Reserves	2,061	2,172	-	50
<b>Equity Attributable to Owners of the Company</b>	<b>39,964</b>	<b>42,694</b>	<b>42,249</b>	<b>42,227</b>
Non-Controlling Interests	2,230	2,686	-	-
<b>Total Equity</b>	<b>42,194</b>	<b>45,380</b>	<b>42,249</b>	<b>42,227</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Provision for Retirement Benefit Obligations	696	688	-	-
Loans and Borrowings	8,421	8,962	458	711
Deferred Tax Liabilities	1,916	2,138	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	16	20	-	-
<b>Total Non-Current Liabilities</b>	<b>11,399</b>	<b>12,158</b>	<b>458</b>	<b>711</b>

	Group		Company	
	30 April 2017 (S\$'000)	31 October 2016 (S\$'000)	30 April 2017 (S\$'000)	31 October 2016 (S\$'000)
<b>Current Liabilities</b>				
Income Tax Payable	271	54	8	14
Trade and Other Payables	10,643	12,548	4,706	4,371
Other Liabilities	759	909	-	-
Derivative Financial Instruments	-	77	-	-
Loans and Borrowings	11,353	12,671	1,515	1,523
Deferred Income	152	7	-	-
<b>Total Current Liabilities</b>	<b>23,178</b>	<b>26,266</b>	<b>6,229</b>	<b>5,908</b>
<b>Total Liabilities</b>	<b>34,577</b>	<b>38,424</b>	<b>6,687</b>	<b>6,619</b>
<b>Total Equity and Liabilities</b>	<b>76,771</b>	<b>83,804</b>	<b>48,936</b>	<b>48,846</b>

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

	Group			
	As at 30 April 2017		As at 31 October 2016	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Amount repayable in one year or less, or on demand</b>	8,350	3,003	7,864	4,807
<b>Amount repayable after one year</b>	7,499	922	8,254	708

**Details of any collateral**

As at 30 April 2017, secured loans and borrowings comprised:

- Finance lease liabilities of S\$2,051,000 (31 October 2016: S\$2,384,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$8,260,000 (31 October 2016: S\$7,247,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$142,000 (31 October 2016: S\$194,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$5,396,000 (31 October 2016: S\$6,229,000) were secured by an assignment of a supply agreement with a customer and a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation power plant at Gardens by the Bay (Marina South). The Group's investment in the biomass co-generation power plant is classified as finance lease receivables.
- Loans and borrowings of Nil (31 October 2016: S\$64,000) were secured by an assignment of contracts and contracts proceeds and a floating charge over certain cash balances of a subsidiary placed with a bank.

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 FY2017 (S\$'000)	Q2 FY2016 (S\$'000)	1H FY2017 (S\$'000)	1H FY2016 (S\$'000)
<b><u>Cash Flows From Operating Activities</u></b>				
(Loss)/Profit Before Income Tax	(1,156)	(637)	(2,376)	(1,731)
Depreciation of Property, Plant and Equipment	520	750	1,151	1,472
(Gain)/Loss on Disposal of Property, Plant and Equipment	(15)	1	(58)	1
Amortisation of Intangible Assets	21	22	41	43
Amortisation of Land Use Rights	23	6	40	12
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	120	278	678	708
Net Fair Value (Gain) /Loss on Derivative Financial Instruments	(162)	6	(141)	(3)
Amortisation of Deferred Expenses	5	-	10	-
Provision for Retirement Benefit Obligations Expenses, Net	10	11	19	22
Amortisation of Deferred Income	(1)	(2)	(3)	(5)
Finance Lease Income	(317)	(334)	(638)	(670)
Finance Income	(15)	(3)	(30)	(19)
Finance Costs	255	288	489	591
Equity-Settled Share-Based Expenses	85	-	85	-
Loss on Disposal of Other Financial Assets	43	-	43	-
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>(584)</b>	<b>386</b>	<b>(690)</b>	<b>421</b>
Inventories	(308)	28	658	594
Trade and Other Receivables	1,396	(1,250)	2,014	947
Finance Lease Receivable	166	155	328	301
Other Assets	(54)	(208)	(163)	(426)
Trade and Other Payables	(1,103)	1,275	(1,649)	(89)
Other Liabilities	(145)	(2)	(150)	(4)
Finance Lease Income Received	317	334	638	670
Retirement Benefit Obligations Paid	(2)	(25)	(6)	(25)
<b>Net Cash Flows (Used in)/From Operations Before Income Tax</b>	<b>(317)</b>	<b>693</b>	<b>980</b>	<b>2,389</b>
Income Tax (Paid)/Received	(68)	(173)	33	(298)
<b>Net Cash Flows (Used in)/From Operating Activities</b>	<b>(385)</b>	<b>520</b>	<b>1,013</b>	<b>2,091</b>
<b><u>Cash Flows From Investing Activities</u></b>				
Acquisition of Property, Plant and Equipment	(357)	(339)	(771)	(602)
Proceeds from Disposal of Property, Plant and Equipment	15	-	123	-
(Loan to) /Repayment from a Jointly-Controlled Entity	(153)	505	(238)	(72)
Interest Income Received	15	3	30	19
Acquisition of Non-Controlling Interests without Change in Control	-	-	(192)	-
Proceeds from Disposal of Other Financial Assets	1,014	-	1,014	-
<b>Net Cash Flows From/(Used In) Investing Activities</b>	<b>534</b>	<b>169</b>	<b>(34)</b>	<b>(655)</b>

	<b>Group</b>			
	<b>Q2 FY2017 (S\$'000)</b>	<b>Q2 FY2016 (S\$'000)</b>	<b>1H FY2017 (S\$'000)</b>	<b>1H FY2016 (S\$'000)</b>
<b><u>Cash Flows From Financing Activities</u></b>				
Proceeds from Loans and Borrowings	-	-	1,422	-
Repayments of Loans and Borrowings	(769)	(182)	(2,386)	(2,185)
Interest Expenses Paid	(257)	(295)	(482)	(580)
Dividends Paid to Non-Controlling Interests of Subsidiaries	(177)	-	(177)	-
(Decrease)/Increase in Cash Restricted in Use Over 3 Months <sup>(a)</sup>	(258)	(1)	(247)	12
<b>Net Cash Flows Used In Financing Activities</b>	<b>(1,461)</b>	<b>(478)</b>	<b>(1,870)</b>	<b>(2,753)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(1,312)</b>	<b>211</b>	<b>(891)</b>	<b>(1,317)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	6	6	(95)	120
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	5,062	4,426	4,742	5,840
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>3,756</b>	<b>4,643</b>	<b>3,756</b>	<b>4,643</b>
<b>Cash and Cash Equivalents in the Statement of Cash Flows</b>				
Cash and Cash Equivalents <sup>(b)</sup>	6,828	5,857	6,828	5,857
Cash Restricted in Use	(1,400)	(617)	(1,400)	(617)
Bank Overdrafts	(1,672)	(597)	(1,672)	(597)
<b>Cash and Cash Equivalents At End of Period</b>	<b>3,756</b>	<b>4,643</b>	<b>3,756</b>	<b>4,643</b>

(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\$2,222,571 (30 April 2016: S\$1,245,000).

#### **Non-Cash Transactions**

Property, plant and equipment amounting to S\$35,000 (1H FY2016: S\$44,000) 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)	Parent Sub – Total (S\$'000)	Non- Controlling Interests (S\$'000)	Total Equity (S\$'000)
<b>Group</b>							
<b>Current Period</b>							
<b>At 1 November 2016</b>	48,035	(1,989)	(5,524)	2,172	42,694	2,686	45,380
<b>Total Comprehensive Loss for the Period</b>	-	(2,531)	-	-	(2,531)	191	(2,340)
<b>Other Comprehensive Income</b>							
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)
<b>At 30 April 2017</b>	48,170	(4,395)	(5,872)	2,061	39,964	2,230	42,194

<u>Group</u>	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Foreign Currency Translation Reserve (S\$'000)	Other Reserves (S\$'000)	Parent Sub – Total (S\$'000)	Non- Controlling Interests (S\$'000)	Total Equity (S\$'000)
<b>Previous Period</b>							
<b>At 1 November 2015</b>	48,035	(61)	(5,083)	1,964	44,855	2,732	47,587
<b>Total Comprehensive Loss for the Period</b>	-	(1,645)	-	-	(1,645)	73	(1,572)
<b>Other Comprehensive Income</b>							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	635	109	744	90	834
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	104	104	-	104
Bonus Shares Issued by Subsidiary	-	(39)	-	39	-	-	-
	-	(39)	635	252	848	90	938
<b>At 30 April 2016</b>	48,035	(1,745)	(4,448)	2,216	44,058	2,895	46,953

	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<b><u>Company</u></b>				
<b><u>Current Period</u></b>				
<b>At 1 November 2016</b>	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
<b>At 30 April 2017</b>	<b>48,170</b>	<b>(5,921)</b>	<b>-</b>	<b>42,249</b>
<b><u>Previous Period</u></b>				
<b>At 1 November 2015</b>	48,035	(5,744)	-	42,291
Total Comprehensive Income for the Period	-	66	-	66
<b>At 30 April 2016</b>	<b>48,035</b>	<b>(5,678)</b>	<b>-</b>	<b>42,357</b>

- 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 (\$'000)
At 1 November 2016	952,983,029	48,035
Issue of Ordinary Shares under ecoWise Performance Share Plan	4,500,000	135
At 30 April 2017	957,483,029	48,170

On 31 March 2017, pursuant to the ecoWise Performance Share Plan, the Company issued and allotted 4,500,000 new ordinary shares in the share capital of the Company to the eligible employee in accordance with the vesting criteria. Please refer to the Company's announcement dated 21 January 2016 and 4 Apr 2017 for more information.

As at 30 April 2017, the number of outstanding share awards under the ecoWise Performance Share Plan was Nil (30 April 2016: 4,500,000 shares).

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

The total number of issued shares, excluding treasury shares, was 957,483,029 ordinary shares as at 30 April 2017 (31 October 2016: 952,983,029 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 2017.

- 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 2016 (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 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

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

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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

	Group			
	Q2 FY2017 (cents)	Q2 FY2016 (cents)	1H FY2017 (cents)	1H FY2016 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.149)	(0.069)	(0.264)	(0.173)
(ii) On a fully diluted basis	(0.149)	(0.068)	(0.264)	(0.172)

**Earnings per share for the quarter ended 30 April 2017**

Basic earnings per share for Q2 FY2017 is calculated based on the loss attributable to owners of the Company of S\$1,422,000 (Q2 FY2016: loss attributable to owners of the Company of S\$654,000) and on 957,483,029 (Q2 FY2016: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q2 FY2017 is calculated based on 957,483,029 (Q2 FY2016: 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 2017**

Basic earnings per share for 1H FY2017 is calculated based on the loss attributable to owners of the Company of S\$2,531,000 (1H FY2016: loss attributable to owners of the Company of S\$1,645,000) and on 957,483,029 (1H FY2016: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for 1H FY2017 is calculated based on 957,483,029 (1H FY2016: 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 2017 (cents)	31 October 2016 (cents)	30 April 2017 (cents)	31 October 2016 (cents)
<b>Net asset value per ordinary share at end of period/year</b>	4.17	4.48	4.41	4.43

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$39,965,000 (31 October 2016: S\$42,694,000) and 957,483,029 (31 October 2016: 952,983,029) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$42,249,000 (31 October 2016: S\$42,227,000) and 957,483,029 (31 October 2016: 952,983,029) 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 FY2017 (S\$'000)	Q2 FY2016 (S\$'000)	% Change	1H FY2017 (S\$'000)	1H FY2016 (S\$'000)	% Change
<b>Revenue</b>						
<b>Renewable Energy Segment</b>	2,784	2,242	24.2%	5,283	4,707	12.2%
<b>Resource Recovery Segment</b>	8,229	12,193	(32.5%)	17,680	23,592	(25.1%)
<b>Integrated Environmental Management Solutions Segment</b>	264	373	(29.2%)	298	491	(39.3%)
<b>Total</b>	11,277	14,808	(23.8%)	23,261	28,790	(19.2%)

The Group's revenue for the second quarter ended 30 April 2017 ("Q2 FY2017") of S\$11.28 million was S\$3.5 million or 23.8% lower as compared to the corresponding period of last financial year ("Q2 FY2016"). The Group's revenue for the half-year ended 30 April 2017 ("1H FY2017") of S\$23.26 million was S\$5.53 million or 19.2% lower as compared to the corresponding period of last financial year ("1H FY2016").

Q2 FY2017 revenue decreased by 23.8% mainly due to lower revenue recorded by the Group's resource recovery segment attributable to decrease in tipping fees from collection of tree and wood waste, decrease in revenue from sale of retreaded tyres, rubber compounds and, other materials.

1H FY2017 revenue decreased by 19.2% mainly due to lower revenue recorded by the Group's resource recovery segment and integrated environmental management solutions segment. There was a decrease 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 FY2017 as compared to Q2 FY2016. The negative foreign

exchange translation effect caused by the weaker Malaysian Ringgit in 1H FY2017 as compared to 1H FY2016 further contributed to the decrease in revenue. There was also a decrease in the Group's resource recovery segment attributable to lower revenue from collection fees of other materials in Q2 FY2017 as compared to Q2 FY2016.

The Group's gross profit margin of 21.6% for Q2 FY2017 and 21.0% in 1H FY2017 were higher compared to 18.3% in Q2 FY2016 and 18.7% in 1H FY2016 mainly due to higher gross profit margin from the Group's renewable energy segment.

The Group's gross profit of S\$2.43 million in Q2 FY2017 and S\$4.88 million in 1H FY2017 were lower as compared to S\$2.72 million in Q2 FY2016 and S\$5.40 million in 1H FY2016. This was mainly attributable to the decrease in sales from the Group's resource recovery segment which resulted from a decline in the sale of retreaded tyres and rubber compounds business under the SRR Group, foreign translation effect caused by the weaker Malaysian Ringgit and decrease in tipping fees from collection of tree and wood waste, partially offset by increased revenue from the renewable energy segment.

Other gains increased by S\$0.09 million to S\$0.21 million in Q2 FY2017 mainly due to gains from a derivative financial instrument of S\$0.15 million, partially offset by decrease in government grant income of S\$0.05 million in Q2 FY2017. Other gains increased by \$0.13 million to S\$0.25 million in 1H FY2017 mainly due to increase in gains on disposal of property, plant and equipment of S\$0.06 million and gains from derivative financial instrument of S\$0.14 million, partially offset by decrease in government grant income of S\$0.05 million in 1H FY2017.

Marketing and distribution expenses decreased by 13.9% to S\$0.65 million in Q2 FY2017 mainly due to lower advertising and marketing expenses, sales commission, staff salary, provision of staff bonus and travelling, transport and accommodation expenses, in line with lower revenue. Marketing and distribution expenses decreased by 14.6% to S\$1.32 million in 1H FY2017 mainly due to lower advertising and marketing expenses, sales commission, motor vehicle depreciation expenses, entertainment expenses and travelling, transport and accommodation expenses, in line with lower revenue.

Administrative expenses increased by 20.4% to S\$2.31 million in Q2 FY2017 mainly due to increase in manpower cost attributable to higher headcount, entertainment expenses and equity-settled share-based expenses partially offset by lower professional and legal fees. Administrative expenses increased by 14.2% to S\$4.44 million in 1H FY2017 mainly due to increase in manpower cost attributable to higher headcount, entertainment expenses, travelling, transport and accommodation expenses, upkeep of office equipment and equity-settled share-based expenses partially offset by lower office expenses and lesser fees paid on land use rights.

Depreciation expenses decreased by 29.9% to S\$0.52 million in Q2 FY2017 and by 21.9% to S\$1.51 million in 1H FY2017 mainly due to the change of depreciation calculation for the reinstatement cost and plant and equipment as a result of the lease extension in Sungei Kadut in Q4 FY2016 and some of the plants and machineries are fully depreciated.

Other losses increased by 102.1% to S\$0.48 million in Q2 FY2017 mainly due to higher foreign exchange loss of S\$0.21 million and loss on disposal of other financial assets. Other losses increased by 14.0% to S\$0.61 million in 1H FY2017 mainly due to higher foreign exchange loss of S\$0.03 million and loss on disposal of other financial assets S\$0.04 million.

Share of losses from associates and jointly-controlled entity of S\$0.12 million in Q2 FY2017 and S\$0.68 million in 1H FY2017 was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co. Ltd., Geocycle Singapore Pte. Ltd. and China-UK Low Carbon Enterprise Co., Ltd.

The Group recorded loss before tax of S\$1.16 million in Q2 FY2017 and S\$2.38 million in 1H FY2017 mainly due to lower revenue, share of losses from associates and jointly-controlled entity and higher administrative expenses.

The Group recorded income tax expense of S\$0.1 million in Q2 FY2017 and income tax income of S\$0.04 million in 1H FY2017 as compared to income tax income of S\$0.05 million in Q2 FY2016 and S\$0.16 million in 1H FY2016, mainly due to income tax and deferred tax liabilities recognised from the Group's profitable renewable energy segment in Q2 FY2017 and deferred tax assets recognised from losses of the Group's resources recovery segment in 1H FY2017.

As a result of the above factors, the Group recorded a loss of S\$1.25 million in Q2 FY2017 as compared to a loss of S\$0.59 million in Q2 FY2016 and a loss of \$2.34 million in 1H FY2017 as compared to a loss of S\$1.57 million in 1H FY2016.

## **Statement of Financial Position**

The Group's non-current assets decrease by 6.6% or S\$3.2 million to S\$45.38 million as at 30 April 2017.

The Group's property, plant and equipment decrease by S\$1.02 million to S\$23.95 million as at 30 April 2017 mainly attributable to the disposal of plant and equipment of S\$0.06 million, effects of movements in foreign exchange rates of S\$0.61 million and depreciation charges of S\$1.15 million, partially offset by acquisition of new plant and equipment of S\$0.80 million.

Investments in associates and jointly-controlled entity decreased by S\$0.66 million, collectively, mainly due to the Group's share of losses from associates and jointly-controlled entity of S\$0.68 million and partially offset by effects of movements in foreign exchange rates gains of S\$0.02 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\$11.96 million as at 31 October 2016 to S\$11.63 million as at 30 April 2017 attributable to billings to, and collections from, the customer.

The Group's current assets decreased by S\$3.83 million to S\$31.39 million as at 30 April 2017 mainly due to decrease in inventories by S\$0.87 million, trade and other receivables by S\$1.85 million, income tax receivables by S\$0.04 million and cash and cash equivalents by S\$1.35 million, partially offset with increase in other assets by S\$0.16 million and increase of derivative financial instruments by S\$0.07 million. The decrease in inventories was mainly attributable to SRR Group 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 resource recovery segment and higher collections from customers.

The Group's non-current liabilities decreased marginally by S\$0.76 million mainly due to repayment of loans and borrowings and reduced deferred tax liabilities.

The Group's current liabilities had decreased by S\$3.09 million to S\$23.18 million as at 30 April 2017 mainly due to decrease in trade and other payables by S\$1.91 million, loans and borrowings by S\$1.32 million, other liabilities by S\$0.16 million and derivative financial instruments by S\$0.08 million, partially offset by increase in income tax payable by S\$0.22 million and deferred income by S\$0.15 million.

The Group's total loans and borrowings decreased by S\$1.86 million mainly due to repayment of loans and borrowings of S\$2.19 million, decrease in bank overdraft of S\$1.55 million and effects of movements in foreign exchange rates of S\$0.36 million, partially offset by proceeds from loans and borrowings of S\$2.24 million.

## **Statement of Cash Flow**

### **For the period ended 30 April 2017**

The Group's cash and cash equivalents decreased by S\$0.89 million in 1H FY2017 due to net positive cash flows from operating activities of S\$1.01 million, net cash flows used in investing activities of S\$0.03 million and net cash flows used in financing activities of S\$1.87 million.

Net cash flows from operating activities for Q2 FY2017 was negative S\$0.39 million compared to corresponding period Q2 FY2016, mainly attributable to increase in loss before income tax of S\$0.52 million, decrease in trade and other receivables of S\$2.65 million, other assets of S\$ 0.15 million, trade and other payables of S\$2.38 million and finance lease receivables of S\$0.02 million, partially offset by increase in inventories of S\$0.34 million and other liabilities of S\$0.14 million. The decrease in trade and other receivables was due to prompt collections from debtors compared to Q2 FY2016. The increase in inventories was due to the stockpile of raw materials for upcoming customers' orders and the decrease in trade and other payables due to prompt payment to suppliers by the Group in Q2 FY2017 compared to Q2 FY2016.

Net cash flows from operating activities for 1H FY2017 was S\$1.08 million lower than 1H FY2016, and was mainly attributable to increase in loss before income tax of S\$0.65 million and increase in trade and other payables of S\$1.56 million partially offset by increase in trade and other receivables of S\$1.07 million, increase in inventories of S\$0.064 million, increase in other assets of S\$ 0.26 million, increase in finance lease receivables of S\$0.03 million and decrease in other liabilities of S\$0.15 million. The decrease in trade and other receivables was due to prompt collections and decrease in orders from debtors compared to 1H FY2016. The decrease in inventories was due to the reduction in inventory holding period and the decrease in trade and other payables due to lower purchases by the Group in 1H FY2017 compared to 1H FY2016.

Cash flows used in investing activities of S\$0.03 million for 1H FY2017 comprised mainly the Group's capital expenditure on property, plant and equipment of S\$0.77 million, loan to a jointly-controlled entity of S\$0.24 million and acquisition of non-controlling interest without change in control of S\$0.19 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.12 million and proceeds from disposal of other financial assets (Chongqing Zhongtian Electronic Waste Management Co., Ltd) of S\$1.01 million.



Cash flows used in financing activities of S\$1.87 million for 1H FY2017 comprised mainly repayments of loans and borrowings of S\$2.39 million, finance costs of S\$0.48 million, increase in cash restricted in use of S\$0.25 million and dividends paid to non-controlling interest of subsidiaries of S\$0.17 million partially offset by proceeds from loan and borrowings of S\$1.42 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 to achieve a higher level 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 material and product and foreign currency fluctuations, in particular that of the Malaysian Ringgit.

**Renewable Energy segment**

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

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

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

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 2017.

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, I, 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 2017 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**

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**Lee Thiam Seng**  
**Director**

**14 June 2017**

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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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