ECOWISE HOLDINGS LIMITED
Company Registration No. 200209835C

Unaudited Financial Statements for the Third Quarter and Nine Months Ended 31 July 2019

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 FY2019[1] (S$'000) (Unaudited)	Q3 FY2018[2] (S$'000) (Unaudited)	% Change +/(-)	YTD FY2019[3] (S$'000) (Unaudited)	YTD FY2018[4] (S$'000) (Unaudited)	% Change +/(-)
Revenue	14,688	13,457	9.1	41,730	42,916	(2.8)
Cost of Sales	(11,736)	(11,596)	1.2	(34,033)	(36,831)	(7.6)
Gross Profit	2,952	1,861	58.6	7,697	6,085	26.5
Other Items of Income						
Finance Income	10	9	11.1	29	36	(19.4)
Other Gains	898	30	n/m	1,221	597	104.5
Other Items of Expenses						
Marketing and Distribution Expenses	(520)	(612)	(15.0)	(1,551)	(1,846)	(16.0)
Administrative Expenses	(1,702)	(2,324)	(26.8)	(5,711)	(6,628)	(13.8)
Finance Costs	(226)	(279)	(19.0)	(697)	(861)	(19.0)
Other Losses	(400)	(799)	(49.9)	(500)	(890)	(43.8)
Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax	11	(115)	(109.6)	(82)	(170)	(51.8)
Profit/(Loss) Before Income Tax	1,023	(2,229)	(145.9)	406	(3,677)	(111.0)
Tax (Expense)/Income	(77)	41	(287.8)	(472)	85	(655.3)
Profit/(Loss) for the Period	946	(2,188)	(143.2)	(66)	(3,592)	(98.2)
Other Comprehensive (Loss)/Income						
Exchange Differences on Translating Foreign Operations, Net of Tax	(113)	(115)	(1.7)	183	948	(80.7)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(41)	(23)	78.3	3	(31)	(109.7)
Other Comprehensive (Loss)/Income for the Period	(154)	(138)	11.6	186	917	(79.7)
Total Comprehensive Income/ (Loss) for the Period	792	(2,326)	(134.0)	120	(2,675)	(104.5)

	Group					
	Q3 FY2019[1] (S$'000) (Unaudited)	Q3 FY2018[2] (S$'000) (Unaudited)	% Change +/(-)	YTD FY2019[3] (S$'000) (Unaudited)	YTD FY2018[4] (S$'000) (Unaudited)	% Change +/(-)
Profit/(Loss) for the Period Attributable to:						
Owners of the Company	903	(2,215)	(140.8)	(164)	(3,720)	(95.6)
Non-Controlling Interests	43	27	59.3	98	128	(23.4)
Profit/(Loss) for the Period	946	(2,188)	(143.2)	(66)	(3,592)	(98.2)
Total Comprehensive Income/(Loss) for the Period Attributable to:						
Owners of the Company	940	(2,287)	(141.1)	17	(2,991)	(100.6)
Non-Controlling Interests	(148)	(39)	279.5	103	316	(67.4)
Total Comprehensive Income/(Loss) for the Period	792	(2,326)	(134.0)	120	(2,675)	(104.5)

"n/m" denotes not meaningful.

Notes:

(1) "Q3 FY2019": Third quarter financial period from 1 May 2019 to 31 July 2019.

(2) "Q3 FY2018": Third quarter financial period from 1 May 2018 to 31 July 2018.

(3) "YTD FY2019": Nine months financial period from 1 November 2018 to 31 July 2019.

(4) "YTD FY2018": Nine months financial period from 1 November 2017 to 31 July 2018.

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

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

	Group					
	Q3 FY2019 (S$'000)	**Q3 FY2018 (S$'000)**	**% Change +/(-)**	**YTD FY2019 (S$'000)**	**YTD FY2018 (S$'000)**	**% Change +/(-)**
Finance Lease Income	272	293	(7.2)	831	894	(7.0)
Finance Income – Interest Income	10	9	11.1	29	36	(19.4)
Finance Costs	(207)	(299)	(30.8)	(697)	(861)	(19.0)
Depreciation of Property, Plant and Equipment	(842)	(920)	(8.5)	(2,585)	(2,763)	(6.4)
Amortisation of Intangible Assets	(21)	(36)	(41.7)	(64)	(106)	(39.6)
Amortisation of Land Use Rights	(15)	(16)	(6.3)	(45)	(47)	(4.3)
(Loss)/Gain on Disposal of Property, Plant and Equipment	(331)	26	n/m	(217)	72	n/m
Net Fair Value Loss on Derivative Financial Instruments	(25)	(220)	(88.7)	(8)	(165)	(95.1)
Foreign Exchange Gain/(Loss), Net	107	(530)	(120.2)	89	(423)	(121.0)
Government Grant Income	5	–	n/m	53	74	(28.4)
Adjustments for Over/(Under) Provision for Taxation in Respect of Prior Years	12	(7)	(271.4)	(44)	39	(212.8)
Provision for Retirement Benefit Obligations Expenses, Net	(8)	(10)	(20.0)	(29)	(30)	(3.3)
Amortisation of Deferred Income	2	2	-	5	5	-
Allowance for Doubtful Receivables – (Made)/Reversal	(44)	(50)	(12.0)	15	(47)	(131.9)
Allowance for Inventory Obsolescence – Reversal/(Made)	1	(1)	(200)	(23)	15	(253.3)
Gain on Disposal of Subsidiary	784	–	n/m	784	–	n/m

"n/m" denotes not meaningful.

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 2019 (S$'000) (Unaudited)	31 October 2018 (S$'000) (Audited)	31 July 2019 (S$'000) (Unaudited)	31 October 2018 (S$'000) (Audited)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	29,511	30,705	369	406
Intangible Assets	1,527	1,590	–	–
Land Use Rights	1,360	1,400	–	–
Investments in Subsidiaries	–	–	33,069	33,069
Investments in an Associate	1,755	1,596	–	–
Investments in a Jointly-Controlled Entity	1,697	1,678	–	–
Finance Lease Receivables	8,927	9,637	–	–
Other Assets	291	295	–	–
Deferred Tax Assets	487	514	–	–
Total Non-Current Assets	45,555	47,415	33,438	33,475
Current Assets				
Inventories	5,668	6,594	–	–
Income Tax Receivables	20	272	–	–
Trade and Other Receivables	17,758	18,603	6,728	4,152
Finance Lease Receivable	990	898	–	–
Derivative Financial Instruments	21	38	–	–
Other Assets	1,314	1,232	34	51
Cash and Cash Equivalents	4,188	3,938	8	14
	29,959	31,575	6,770	4,217
Assets of Disposal Group Classified as Held for Sale	–	1,104	–	–
Total Current Assets	29,959	32,679	6,770	4,217
Total Assets	75,514	80,094	40,208	37,692
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,170	48,170	48,170
Treasury Shares	(29)	–	(29)	–
Accumulated Losses	(7,063)	(6,899)	(15,987)	(16,346)
Foreign Currency Translation Reserve	(5,044)	(5,220)	–	–
Other Reserves	2,304	2,299	–	–
Reserve of Disposal Group Classified as Held for Sale	–	(481)	–	–
Equity Attributable to Owners of the Company	38,338	37,869	32,154	31,824
Non-Controlling Interests	2,087	2,669	–	–
Total Equity	40,425	40,538	32,154	31,824
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	853	830	–	–
Loans and Borrowings	4,570	5,693	137	170
Deferred Tax Liabilities	2,647	2,310	–	–
Provision for Reinstatement Cost	350	350	–	–
Deferred Income	2	7	–	–
Total Non-Current Liabilities	8,422	9,190	137	170

	Group		Company	
	31 July 2019 (S$'000) (Unaudited)	31 October 2018 (S$'000) (Audited)	31 July 2019 (S$'000) (Unaudited)	31 October 2018 (S$'000) (Audited)
Current Liabilities				
Income Tax Payables	578	414	9	11
Trade and Other Payables	12,947	14,049	7,864	5,643
Provisions	1,846	1,768	–	–
Derivative Financial Instruments	5	17	–	–
Loans and Borrowings	11,284	12,702	44	44
Deferred Income	7	7	–	–
	26,667	28,957	7,917	5,698
Liabilities Directly Associated with Assets Held for Sale	–	1,409	–	–
Total Current Liabilities	26,667	30,366	7,917	5,698
Total Liabilities	35,089	39,556	8,054	5,868
Total Equity and Liabilities	75,514	80,094	40,208	37,692

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

	Group			
	As at 31 July 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	9,374	1,910	9,846	2,857
Amount repayable after one year	4,245	325	5,344	349

Details of any collateral

As at 31 July 2019, secured loans and borrowings comprised:

- Finance lease liabilities of S$2,661,000 (31 October 2018: S$1,992,000), secured by the lessors' charge over the leased assets.
- Loans and borrowings of S$7,418,000 (31 October 2018: S$8,278,000), secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S$1,986,000 (31 October 2018: S$2,181,000), secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S$1,554,000 (31 October 2018: S$2,739,000), 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 FY2019 (S$'000) (Unaudited)	Q3 FY2018 (S$'000) (Unaudited)	YTD FY2019 (S$'000) (Unaudited)	YTD FY2018 (S$'000) (Unaudited)
Cash Flows From Operating Activities				
Profit/(Loss) Before Tax	1,023	(2,229)	406	(3,677)
Depreciation of Property, Plant and Equipment	842	920	2,585	2,763
Loss/(Gain) on Disposal of Property, Plant and Equipment	331	(26)	217	(72)
Amortisation of Intangible Assets	21	36	64	106
Amortisation of Land Use Rights	15	16	45	47
Share of Results from an Associates and a Jointly-Controlled Entity, Net of Tax	(11)	115	82	170
Gain on Disposal of Subsidiary	(784)	–	(784)	–
Net Fair Value Loss on Derivative Financial Instruments	25	220	8	165
Provision for Retirement Benefit Obligations Expenses, Net	8	10	29	30
Amortisation of Deferred Income	(2)	(2)	(5)	(5)
Finance Lease Income	(272)	(293)	(831)	(894)
Finance Income	(10)	(9)	(29)	(36)
Finance Costs	207	299	697	861
Operating Cash Flows Before Changes in Working Capital	1,393	(943)	2,484	(542)
Inventories	1,416	22	931	598
Trade and Other Receivables	(468)	2,576	834	3,688
Finance Lease Receivable	211	259	618	555
Other Assets	(117)	292	(82)	39
Trade and Other Payables	(1,010)	(3,215)	(1,297)	(1,678)
Other Liabilities	–	–	–	(535)
Finance Lease Income Received	272	293	831	894
Retirement Benefit Obligations Paid	(20)	–	(33)	–
Net Cash Flows From/(Used In) Operations Before Income Tax	1,677	(716)	4,286	3,019
Income Tax Paid	(98)	(267)	(255)	(364)
Net Cash Flows From/(Used In) Operating Activities	1,579	(983)	4,031	2,655
Cash Flows From Investing Activities				
Acquisition of Property, Plant and Equipment	(147)	(557)	(1,134)	(1,943)
Proceeds from Disposal of Property, Plant and Equipment	(26)	162	322	283
(Loan to)/Repayment from a Jointly-Controlled Entity	(69)	4	(14)	331
Interest Income Received	10	9	29	36
Share Capital Reduction from Investment in an Associate Company	–	2,148	–	2,148
Proceeds from Disposal of a Subsidiary	1,200	–	1,200	–
Net Cash Flows From Investing Activities	968	1,766	403	855
Cash Flows From Financing Activities				
Proceeds from Loans and Borrowings	(49)	–	12	1,768
Repayments of Loans and Borrowings	(836)	(1,324)	(2,293)	(3,817)
Interest Expenses Paid	(178)	(268)	(632)	(807)
Share Buy-Back	–	–	(29)	–
Dividends Paid to Non-Controlling Interests of Subsidiaries	(2)	–	(205)	(202)
Decrease/(Increase) in Cash Restricted in Use Over 3 Months[(a)]	1,413	(32)	741	57
Net Cash Flows From/(Used In) Financing Activities	348	(1,624)	(2,406)	(3,001)

	Group			
	Q3 FY2019 (S$'000) (Unaudited)	Q3 FY2018 (S$'000) (Unaudited)	YTD FY2019 (S$'000) (Unaudited)	YTD FY2018 (S$'000) (Unaudited)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,895	(841)	2,028	509
Effect of Exchange Rate Changes on Cash and Cash Equivalents	132	242	(14)	12
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	(1,052)	889	(39)	(231)
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	1,975	290	1,975	290
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents[(b)]	4,188	5,170	4,188	5,170
Cash Restricted in Use	(835)	(2,439)	(835)	(2,439)
Bank Overdrafts	(1,378)	(2,441)	(1,378)	(2,441)
Cash and Cash Equivalents At End of Period	1,975	290	1,975	290

(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$2,114,000 as at 31 July 2019 (31 July 2018: S$2,292,000).

Non-Cash Transactions

Property, plant and equipment amounting to S$136,000 in Q3 FY2019 (Q3 FY2018: S$155,000) and S$775,000 in YTD FY2019 (YTD FY2018: S$250,000) 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)	Attributable to Parent - Subtotal (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
Changes in Equity									
(Loss)/Profit for the Period	–	–	(164)	–	–	–	(164)	98	(66)
Exchange Differences on Translating Foreign Operations, Net of Tax	–	–	–	176	1	1	178	5	183
Effective Portion of Changes in Fair Value of Cash Flow Hedges	–	–	–	–	3	–	3	–	3
Dividends Paid to Non-Controlling Interests of Subsidiaries	–	–	–	–	–	–	–	(205)	(205)
Treasury Shares	–	(29)	–	–	–	–	(29)	–	(29)
Arising from sale of Disposal Group	–	–	–	–	–	480	480	(480)	–
	–	(29)	(164)	176	4	481	468	(582)	(114)
At 31 July 2019	48,170	(29)	(7,063)	(5,044)	2,304	–	38,338	2,087	40,425

	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$'000)	Attributable to Parent - Subtotal (S$'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
Changes in Equity								
(Loss)/Profit for the Period	–	(3,720)	–	–	–	(3,720)	128	(3,592)
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
	–	(3,720)	574	103	52	(2,991)	124	(2,867)
At 31 July 2018	48,170	(5,824)	(4,765)	2,317	(485)	39,413	2,369	41,782

	Share Capital (S$'000)	Treasury Shares (S$'000)	Accumulated Profit/ (Losses) (S$'000)	Total Equity (S$'000)
Company				
Current Period				
At 1 November 2018	48,170	–	(16,346)	31,824
Total Comprehensive Profit for the Period	–	–	359	359
Treasury Shares	–	(29)	–	(29)
At 31 July 2019	48,170	(29)	(15,987)	32,154
Previous 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

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares outstanding in a class that is listed 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.

	Issued and paid-up ordinary shares	Share capital (S$'000)
As at 30 April 2019 and 31 July 2019	957,483,029	48,170

	Number of treasury shares	Percentage of the aggregate number of treasury shares held against the total number of shares outstanding
As at 31 July 2018	-	-
Additions from 1 August 2018 to 31 July 2019	996,900	0.10%
As at 31 July 2019	996,900	0.10%

The Company does not have any subsidiary holdings as at 31 July 2018 and 31 July 2019. There were no outstanding convertibles as at 31 July 2018 and 31 July 2019.

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 956,486,129 ordinary shares as at 31 July 2019 (31 October 2018: 957,483,029 ordinary shares).

1(d)(iv) **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

1(d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures 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. The figures have not been audited or reviewed by the Company's auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in its current financial period reported compared to its most recently audited financial statements for the financial 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 Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and the related Interpretations to SFRS(I)s which became effective for the financial year beginning on or after 1 November 2018. The adoption of the applicable new and revised SFRS(I)s and the related Interpretations to SFRS(I)s is not expected to have any significant impact to the financial statements of the Group for the current financial period reported on.

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.

Earnings/(Loss) per ordinary share for the respective financial periods based on profit/(loss) for the period attributable to owners of the Company are as follows:

	Group			
	Q3 FY2019	**Q3 FY2018**	**YTD FY2019**	**YTD FY2018**
Profit/(Loss) for the period attributable to the owners of the Company (S$'000)	903	(2,215)	(164)	(3,720)
Weighted average number of shares in issue ('000)	956,486	957,483	956,486	957,483
(i) Basic earnings/(loss) per share (S$ cents)	0.09	(0.23)	(0.02)	(0.39)
(ii) On a fully diluted basis (S$ cents)	0.09	(0.23)	(0.02)	(0.39)

The basic and diluted earnings/(loss) per share for the respective financial periods were the same as there were no outstanding convertible securities during the respective financial periods.

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 2019	**31 October 2018**	**31 July 2019**	**31 October 2018**
Net assets attributable to owners of the Company (S$'000)	38,338	37,869	32,154	31,824
Number of shares at the end of the financial period/year, excluding treasury shares	956,486,129	957,483,029	956,486,129	957,483,029
Net asset value per ordinary share at the end of the financial period/year (S$ cents)	4.01	3.96	3.36	3.32

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

Revenue

	Group					
	Q3 FY2019 (S$'000)	**Q3 FY2018 (S$'000)**	**% Change +/(-)**	**YTD FY2019 (S$'000)**	**YTD FY2018 (S$'000)**	**% Change +/(-)**
Revenue						
Renewable Energy Segment	2,690	2,595	3.7	7,825	7,722	1.3
Resource Recovery Segment	11,595	10,661	8.8	33,278	34,706	(4.1)
Integrated Environmental Management Solutions Segment	403	201	100.5	627	488	28.5
Total	14,688	13,457	9.1	41,730	42,916	(2.8)

Revenue increased by 9.1% or S$1.23 million, from S$13.46 million in Q3 FY2018 to S$14.69 million in Q3 FY2019 mainly due to an increase in sales of retreaded tyres and rubber compounds from the Resource Recovery segment.

Revenue decreased by 2.8% or S$1.19 million, from S$42.92 million in YTD FY2018 to S$41.73 million in YTD FY2019, mainly due to a decrease in revenue from the Resource Recovery segment by 4.1% or S$1.43 million in YTD FY2019, arising from a decrease in collection fees from used copper slag, as well as a decrease in demand for ISO tank heating.

Gross Profit and Gross Profit Margin

The Group's gross profit margins of 20.1% for Q3 FY2019 and 18.4% in YTD FY2019 were higher as compared to 13.8% in Q3 FY2018 and 14.2% in YTD FY2018, respectively. These were mainly due to (i) lower direct cost incurred by the Group's Resource Recovery segment from the sale of rubber compounds, retreaded tyres and other materials; and (ii) decrease in manpower cost, material cost and related cost incurred in the sales of rubber compounds and retreaded tyres.

The Group's gross profits of S$2.95 million in Q3 FY2019 and S$7.70 million in YTD FY2019 were higher as compared to S$1.86 million in Q3 FY2018 and S$6.09 million in YTD FY2018, respectively. These were mainly due to (i) lower direct cost incurred by the Group's Resource Recovery segment under its subsidiary in Malaysia, Sunrich Resources Sdn Bhd; and (ii) decrease in manpower cost and upkeep and repair cost for machinery and equipment.

Other Gains

Other gains increased by S$0.87 million to S$0.90 million in Q3 FY2019, and by S$0.62 million to S$1.22 million in YTD FY2019, mainly due to foreign currency exchange gain as a result of weakening of RMB and MYR against SGD, and one-off gain on the disposal of a subsidiary, ecoWise Energy Pte. Ltd. together with its subsidiary (Wuhan ecoWise Energy Co., Ltd), which was completed on 15 July 2019.

Marketing and Distribution Expenses

Marketing and distribution expenses decreased by 15.0% to S$0.52 million in Q3 FY2019 and by 16.0% to S$1.55 million in YTD FY2019, mainly due to tighter cost control measures undertaken by the Group.

Administrative Expenses

Administrative expenses decreased by 26.8% to S$1.70 million in Q3 FY2019 and by 13.8% to S$5.71 million in YTD FY2019, attributable to tighter cost control measures undertaken by the Group as part of the rationalisation of its businesses.

Finance Costs

Finance costs decreased by 19.0% to S$0.23 million in Q3 FY2019 and 19.0% to S$0.70 million in YTD FY2019, mainly due to decrease of loan and borrowings.

Other Losses

Other losses decreased by 49.9% to S$0.40 million in Q3 FY2019 and by 43.8% to S$0.50 million in YTD FY2019. Other losses in Q3 FY2019 and YTD FY2019 comprised mainly loss on disposal of fixed assets due to the cessation of copper slag business, while Q3 FY2018 and YTD FY2018 comprised mainly foreign currency exchange loss and net fair value loss on derivative financial instruments. The net fair value loss on derivative financial instruments decreased in Q3 FY2019 and YTD FY2019 as compared to Q3 FY2018 and YTD 2018, as the Group reduced its hedging reserve in FY2019.

Share of Results from an Associate and a Jointly-Controlled Entity, Net of Tax

Share of results from an associate and a jointly-controlled entity relates to the Group's share of profit or loss in China-UK Low Carbon Enterprise Co. Ltd. ("**CULCEC**") and Chonqing eco-CTIG Rubber Technology Co. Ltd. ("**CECRT**"). The share of profit of S$0.01 million in Q3 FY2019 was mainly attributable to the profit recorded by CECRT of S$0.03 million, partially offset by a small loss of S$0.02 million from CULCEC. The share of loss from CULCEC and CECRT decreased by 51.8% from S$0.17 million in YTD FY2018 to S$0.08 million in YTD FY2019, mainly due to decrease in losses from CECRT in YTD FY2019 as a result of cost control measures being undertaken.

Tax Expense

The Group recorded tax expense of S$0.08 million in Q3 FY2019 and S$0.47 million in YTD FY2019, as compared to tax income of S$0.04 million in Q3 FY2018 and S$0.09 million in YTD FY2018, respectively, mainly due to higher taxation charges incurred by the Group's profitable subsidiary in Malaysia, Sunrich Resources Sdn Bhd, as it is not entitled for group relief under Malaysia's taxation rules.

Profit/(Loss) for the Period

As a result of the above, the Group recorded (i) a net profit for the period of S$0.95 million in Q3 FY2019 as compared to a net loss for the period of S$2.19 million in Q3 FY2018; and (ii) close to breakeven of a small net loss for the period of $0.07 million in YTD FY2019, as compared to a net loss for the period of S$3.59 million in YTD FY2018.

Statement of Financial Position

Assets

Property, plant and equipment decreased by S$1.19 million to S$29.52 million as at 31 July 2019, from S$30.71 million as at 31 October 2018, mainly attributable to the disposal of plant and equipment of S$0.53 million and depreciation charges of S$2.59 million, partially offset by acquisition of new plant and equipment of S$1.91 million and effects of movements in foreign exchange rates of S$0.02 million.

Investments in an associate increased by S$0.16 million, from S$1.60 million as at 31 October 2018 to S$1.76 million as at 31 July 2019, mainly due to effects of movements in foreign exchange rates gains of S$0.21 million, partially offset by the Group's share of losses from an associate of S$0.05 million.

Investments in a jointly-controlled entity increased by S$0.02 million, from S$1.68 million as at 31 October 2018 to S$1.70 million as at 31 July 2019, mainly due to effects of movements in foreign exchange rates gains of S$0.06 million, partially offset by the Group's share of losses from a jointly-controlled entity of S$0.04 million.

Finance lease receivables (non-current and current) 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$9.92 million as at 31 July 2019, mainly attributable to the collections of receivables from the customer.

Inventories decreased by S$0.93 million, from S$6.60 million as at 31 October 2018 to S$5.67 million as at 31 July 2019, mainly due to tighter purchasing control implemented by the Group.

Income tax receivables decreased by S$0.25 million, from S$0.27 million as at 31 October 2018 to S$0.02 million as at 31 July 2019, mainly due to tax refund from the tax authority in YTD FY2019 and no further tax recoverable provided as at 31 July 2019.

Trade and other receivables decreased by S$0.84 million, from S$18.60 million as at 31 October 2018 to S$17.76 million as at 31 July 2019, mainly due to lower revenue recorded under the Group's resource recovery segment and collections of receivables from customers.

Assets of disposal group classified as held for sale of S$1.10 million as at 31 October 2018 relate to the Company's disposal of its investment in ecoWise Energy Pte Ltd and Wuhan ecoWise Energy Co. Ltd. (the "**Disposal**"). The Disposal was completed on 15 July 2019, and accordingly, nil balance was recorded as at 31 July 2019.

Cash and cash equivalents increased by S$0.25 million, from S$3.94 million as at 31 October 2018 to S$4.19 million as at 31 July 2019. Please refer to "Statement of Cash Flow" section below for explanations on the increase in cash and cash equivalents of the Group.

Liabilities

Loans and borrowings (non-current and current) decreased by S$2.54 million, from S$18.39 as at 31 October 2018 to S$15.85 million as at 31 July 2019, mainly due to repayment of loans and borrowings of S$2.29 million and decrease in bank overdraft of S$1.08 million, partially offset by proceeds from loans and borrowings of S$0.79 million and effects of movements in foreign exchange of S$0.04 million.

Deferred tax liabilities increased by S$0.34 million, from S$2.31 million as at 31 October 2018 to S$2.65 million as at 31 July 2019, mainly due to temporary difference between accounting and tax treatment of assets.

Income tax payables increased by S$0.17 million, from S$0.41 million as at 31 October 2018 to S$0.58 million as at 31 July 2019, mainly due to tax payable as the Group recorded a profit in Q3 FY2019.

Trade and other payables decreased by S$1.10 million, from S$14.05 million as at 31 October 2018 to S$12.95 million as at 31 July 2019, mainly due to (i) decrease in accruals of S$0.22 million; and (ii) trade payables of S$1.38 million as a result of shorten payment period, partially offset by increase in other payables of S$0.50 million which related to rental deposit received.

Working Capital

The Group's working capital increased by S$0.98 million, from $2.31 million as at 31 October 2018 to S$3.29 as at 31 July 2019.

Statement of Cash Flow

Q3 FY2019

Net cash flows from operating activities for Q3 FY2019 was S$1.58 million, mainly attributable to (i) profit before changes in working capital of S$1.39 million, (ii) decrease in inventories of S$1.42 million, (iii) decrease in finance lease receivable of S$0.21 million, (iv) finance lease income receipt of S$0.27 million, partially offset by increase in trade and other receivables of S$0.47 million, and decrease in trade and other payables of S$1.01 million.

Net cash flows from investing activities for Q3 FY2019 was S$0.97 million, mainly attributable to the Group's capital expenditure on property, plant and equipment of S$0.14 million and loan to a jointly-controlled entity of S$0.07 million, partially offset by proceeds from disposal of a subsidiary of S$1.20 million.

Net cash flows from financing activities for Q3 FY2019 was S$0.35 million, mainly attributable to decrease in cash restricted in use of S$1.41 million, partially offset by repayments of loans and borrowings of S$0.84 million and interest expenses paid of S$0.18 million.

YTD FY2019

Net cash flows from operating activities for YTD FY2019 was S$4.03 million, mainly attributable to (i) profit before changes in working capital of S$2.48 million, (ii) decrease in inventories of S$0.93 million, (iii) decrease in trade and other receivables of S$0.83 million, (iii) decrease in finance lease receivable of S$0.62 million, (iv) finance lease income receipt of S$0.83 million, partially offset by decrease in trade and other payables of S$1.30 million and income tax paid of S$0.26 million.

Cash flows from investing activities of S$0.40 million for YTD FY2019 comprised proceeds from the Disposal of S$1.20 million, proceeds from disposal of property, plant and equipment of S$0.32 million, and interest income received of S$0.03 million, partially offset by the Group's capital expenditure on property, plant and equipment of S$1.13 million and loan to an associate company of S$0.02 million.

Cash flows used in financing activities of S$2.41 million for YTD FY2019 comprised mainly repayments of loans and borrowings of S$2.29 million, interest expenses paid of S$0.63 million, dividends paid to non-controlling interests of subsidiaries of S$0.21 million, partially offset by decreased in cash restricted in use of S$0.74 million.

As a result, the Group's cash and cash equivalents increased by S$2.03 million in YTD FY2019. The cash and cash equivalents as at 31 July 2019 amounted to S$4.19 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. No forecast or prospect statement has been previously disclosed to shareholders.

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 with a view to improve profitability.

Resource Recovery segment

The Group's rubber compound, new and retreaded tyres business under the 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 from the Group's biomass co-generation power plant at Sungei Kadut are expected to run at greater efficiency due to increase in sales volume to existing customers.

As announced on 18 July 2019, the Group has completed the sale of 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 and the reason(s) for the decision.

No dividend has been declared or recommended for the quarter ended 31 July 2019 as the Group deems it appropriate to retain its cash for business expansion and future growth of the Group.

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 an IPT general mandate from the Company's shareholders.

14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the board of directors of the Company ("**Board**"), Lee Thiam Seng and Cao Shixuan, being directors of the Company, do hereby confirm that to the best of the knowledge of the Board, nothing has come to the attention of the Board which may render the unaudited financial statements for the third quarter ended 31 July 2019 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720(1) of the Catalist Rules

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

BY ORDER OF THE BOARD

Cao Shixuan
Director

13 September 2019

This announcement has been prepared by ecoWise Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by 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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.