

Darco Water Technologies Limited
(Incorporated in Singapore)
(Company registration no: 200106732C)

Unaudited Financial Statements For the Half Year Ended 30 June 2018

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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		
	Half Year Ended		
	Unaudited	Unaudited	
	30/6/2018	30/6/2017	Change
	(\$'000)	(\$'000)	%
Revenue	28,274	24,767	14.2
Cost of sales	(22,464)	(19,933)	12.7
Gross profit	5,810	4,834	20.2
Other income	383	1,299	-70.5
Marketing and distribution expenses	(1,220)	(746)	63.5
Administrative expenses	(4,524)	(4,636)	-2.4
Finance expenses	(266)	(135)	97.0
Profit before income tax	183	616	-70.3
Income tax expense	(66)	(193)	-65.8
Profit for the period	117	423	-72.3
Profit/(loss) attributable to:			
Equity holders of the Company	140	361	-61.2
Non-controlling interests	(23)	62	-137.1
Profit for the period	117	423	

Note:

n.m- not meaningful

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR HALF YEAR ENDED 30 JUNE 2018.

	Group Half Year Ended		
	Unaudited 30/6/2018 (\$'000)	Unaudited 30/6/2017 (\$'000)	change %
Profit for the period	117	423	-72.3
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Currency translation differences arising from consolidation	102	(413)	-124.7
Other comprehensive profit/(loss) for the period	102	(413)	-124.7
Total comprehensive income for the period	219	10	2090.0
Profit/(loss) attributable to:			
Equity holders of the Company	140	361	-61.2
Non-controlling interests	(23)	62	-137.1
Profit for the period	117	423	-72.3
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company	218	(74)	-394.6
Non-controlling interests	1	84	-98.8
Total comprehensive income for the period	219	10	2090.0

Note:

n.m- not meaningful

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1(a)(iii) Profit before income tax is arrived after (charging)/crediting the followings:

Included in other income are:	Group Half Year Ended Unaudited		change %
	30/6/2018 (\$'000)	30/6/2017 (\$'000)	
Write back for doubtful trade receivable	82	-	n.m
Debts no longer payables	131	-	n.m
Derecognition of fair value adjustments on contract backlogs	-	1,032	-100.0
Interest income	3	2	50.0
Government grant	77	151	-49.0
Gain on disposal of property, plant and Equipment	-	4	-100.0
Gain on foreign exchange	79	90	-12.2
Miscellaneous income	11	20	-45.0
	<u>383</u>	<u>1,299</u>	-70.5

Finance expenses:	Group Half Year Ended Unaudited		Change %
	30/6/2018 (\$'000)	30/6/2017 (\$'000)	
Interest expense on:-			
Borrowings	(256)	(133)	92.5
Finance lease	(10)	(2)	400.0
	<u>(266)</u>	<u>(135)</u>	97.0

Included in the profit before income tax are:	Group Half Year Ended Unaudited		change %
	30/6/2018 (\$'000)	30/6/2017 (\$'000)	
Employee compensation	(4,922)	(4,516)	9.0
Amortisation of intangible assets	(188)	(214)	-12.1
Depreciation of property, plant and equipment	(335)	(464)	-27.8
Operating leases	(150)	(230)	-34.8

Note:

n.m- 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 years.

	Group		Company	
	Unaudited 30/6/2018 \$'000	Audited 31/12/2017 \$'000	Unaudited 30/6/2018 \$'000	Audited 31/12/2017 \$'000
ASSETS				
Non-current assets				
Property, plant equipment	5,469	5,482	-	-
Intangible assets	7,414	7,597	-	-
Investment in subsidiaries	-	-	14,766	12,210
Deferred tax assets	69	82	-	-
Other receivable	600	489	-	-
Total non-current assets	13,552	13,650	14,766	12,210
Current assets				
Inventories	1,846	2,056	-	-
Trade and other receivables	57,233	50,089	14,302	8,027
Income tax recoverable	147	144	-	-
Cash and cash equivalents	26,423	17,463	16,771	7,621
Total current assets	85,649	69,752	31,073	15,648
Total assets	99,201	83,402	45,839	27,858
LIABILITIES				
Current liabilities				
Trade and other payables	30,912	37,149	2,358	7,409
Borrowings	8,089	6,848	4,000	4,000
Income tax payable	545	757	-	-
Total current liabilities	39,546	44,754	6,358	11,409
Non-current liabilities				
Other payables	-	-	-	-
Borrowings	1,400	1,284	-	-
Deferred tax liabilities	875	875	-	-
Total non-current liabilities	2,275	2,159	-	-
Total liabilities	41,821	46,913	6,358	11,409
Net assets	57,380	36,489	39,481	16,449
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	77,503	54,274	77,503	54,274
Other reserves	(3,234)	(3,312)	-	-
Accumulated losses	(22,709)	(22,662)	(38,022)	(37,825)
	51,560	28,300	39,481	16,449
Non-controlling interests	5,820	8,189	-	-
Total equity	57,380	36,489	39,481	16,449

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

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 Dec 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,089	4,000	2,848	4,000

Amount repayable after one year

As at 30 June 2018		As at 31 Dec 2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,400	-	1,284	-

Details of any collateral

As at 30 June 2018 and 31 December 2017, all borrowings are secured by corporate guarantees and freehold land and properties of subsidiaries.

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	
	Half Year Ended	
	Unaudited	Unaudited
	30/6/2018	30/6/2017
	(\$'000)	(\$'000)
Profit before income tax	183	616
Adjustments for:-		
Amortisation of intangible assets	188	214
Depreciation of property, plant and equipment	335	464
Write back of doubtful trade receivable	(82)	-
Debts no longer payables	(131)	-
Gain on disposal of property, plant and equipment	-	(4)
Unrealised (gain)/loss in foreign exchange	(74)	57
Interest expense	266	135
Interest income	(3)	(2)
Operating cashflow before working capital	682	1,480
Changes in working capital		
Inventories	210	(902)
Construction work-in-progress	(2,584)	(3,712)
Trade and other receivables	(3,792)	(2,792)
Trade and other payables	(2,059)	3,486
Fixed deposits and bank balances pledged	(183)	545
Cash used in operations	(7,726)	(1,895)
Income tax paid	(266)	(457)
Net cash used in operating activities	(7,992)	(2,352)
Cash flows from investing activities		
Additions of property, plant and equipment	(255)	(541)
Interest received	3	2
Proceeds from disposal of property, plant and equipment	-	4
Net cash used in investing activities	(252)	(535)
Cash flows from financing activities		
Proceeds from bank borrowing	2,730	2,263
Repayment of borrowings	(2,875)	(717)
Share issuance costs	(320)	(84)
Net proceeds from issuance of shares	16,148	1,500
Interest paid	(266)	(135)
Repayment of finance lease liabilities	(19)	(26)
Divident paid to minority interest	-	(38)
Net cash from financing activities	15,398	2,763
Net increase/(decrease) in cash and cash equivalents	7,154	(124)
Cash and cash equivalents at beginning of the year	15,379	5,494
Effect of currency translation differences	130	(365)
Cash and cash equivalents at end of period	22,663	5,005

	Half Year Ended	
	Unaudited	Unaudited
	30/6/2018	30/6/2017
	\$'000	\$'000
Bank and cash balances	26,423	7,094
Short-term bank deposits pledged	(1,788)	(1,301)
Bank overdraft	(1,972)	(788)
	22,663	5,005

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.

Group	Attributable to equity holders of the Company				Non-controlling interests (\$'000)	Total Equity (\$'000)
	Share Capital (\$'000)	Accumulated losses (\$'000)	Other Reserves (\$'000)	Total (\$'000)		
Balance at 1 Jan 2018	54,274	(22,662)	(3,312)	28,300	8,189	36,489
Issuance of shares	23,229	-	-	23,229	-	23,229
Acquisition of non controlling interest in a subsidiary	-	(187)	-	(187)	(2,370)	(2,557)
Profit for the year	-	140	-	140	(23)	117
Other comprehensive income, net of tax:						
- Currency translation difference	-	-	78	78	24	102
Total comprehensive income for the year	-	140	78	218	1	219
Balance at 30 Jun 2018	77,503	(22,709)	(3,234)	51,560	5,820	57,380

Group	Attributable to equity holders of the Company				Non-controlling interests (\$'000)	Total Equity (\$'000)
	Share Capital (\$'000)	Accumulated losses (\$'000)	Other Reserves (\$'000)	Total (\$'000)		
Balance at 1 Jan 2017	51,405	(23,127)	(3,331)	24,947	9,436	34,383
Issuance of shares	2,916	-	-	2,916	-	2,916
Dividend paid	-	-	-	-	(38)	(38)
Profit for the year	-	361	-	361	62	423
Other comprehensive (loss)/income, net of tax:						
- Currency translation difference	-	-	(435)	(435)	22	(413)
Total comprehensive income/(loss) for the year	-	361	(435)	(74)	84	10
Balance at 30 Jun 2017	54,321	(22,766)	(3,766)	27,789	9,482	37,271

1(d)(i) A statement of Changes in equity of the Company

Company	Share Capital (\$'000)	Accumulated Losses (\$'000)	Total (\$'000)
Balance at 1 Jan 2018	54,274	(37,825)	16,449
Issurance of shares	23,229	-	23,229
Total comprehensive income for the period	-	(197)	(197)
Balance at 30 Jun 2018	77,503	(38,022)	39,481
Company	Share Capital (\$'000)	Accumulated Losses (\$'000)	Total (\$'000)
Balance at 1 Jan 2017	51,405	(37,454)	13,951
Issurance of shares	2,916	-	2,916
Total comprehensive income for the period	-	(273)	(273)
Balance at 30 Jun 2017	54,321	(37,727)	16,594

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 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.

During the financial period, the Company has announced that it has:

- (a) allotted and issued 3,500,000 new ordinary shares in the capital of the Company to Sofos Investment Fund SPC ("Sofos") on 8 February 2018;
- (b) allotted and issued 3,824,891 new ordinary shares in the capital of the Company to Wah Lee Industrial Corp. ("Wah Lee") and Jilead Technology Co., Ltd ("Jilead") on 21 March 2018;
- (c) allotted and issued 1,500,000 new ordinary shares in the capital of the Company to Stone Robert Alexander ("RS") on 21 March 2018; and
- (d) allotted and issued 27,680,000 new ordinary shares in the capital of the Company to Wang Zhi ("WZ") on 23 March 2018.

As a result of the above, the total number of shares has increased from 57,326,601 shares to 93,831,492 shares.

	Company	
	As at 30/6/2018	As at 31/12/2017
Number of ordinary shares	<u>93,831,492</u>	<u>57,326,601</u>
	Company	
	As at 30/6/2018	As at 31/12/2017
	\$'000	\$'000
Share capital	<u>77,503</u>	<u>54,274</u>

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.

As at 30 June 2018 and 31 December 2017, the issued ordinary shares of the Company were 93,831,492 and 57,326,601 respectively. There were no treasury shares as at 30 June 2018 and 31 December 2017.

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.

Not applicable. The Company does not have any 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 does 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.

These figures have not been reviewed nor audited 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.

Save as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting year as per the most recent audited financial statements for the financial year ended 31 December 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 Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 Jan 2018, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the financial statements of the Group as at 1 Jan 2018.

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.**
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Half year ended	
	Unaudited	Unaudited
	30/6/2018	30/6/2017
Profit per ordinary shares of the group for the current period reported on and the corresponding period of the immediate preceding financial year:-	Cents	Cents
Basic and diluted profit per share	0.16	0.66
Weighted average number of ordinary shares Outstanding for basic and diluted loss per share	88,560,936	54,287,927

The basic and diluted earnings/loss per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2018 and 30 June 2017.

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	
	Unaudited	Audited	Unaudited	Audited
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
	Cents	Cents	Cents	Cents
Net asset value (for issuer and group) per ordinary share based on issued share capital of the issuer at the end of the financial period/ year.	61.15	63.65	42.08	28.69
Number of ordinary shares	93,831,492	57,326,601	93,831,492	57,326,601

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.**

Revenue and Gross Profit

	Group Half Year Ended		Change %
	Unaudited 30/6/2018 (\$'000)	Unaudited 30/6/2017 (\$'000)	
Engineered Environmental Systems ("EE Systems")	17,486	14,033	24.6
Water Management Services ("WM Services")	3,949	5,148	-23.3
Trading	6,839	5,586	22.4
	<u>28,274</u>	<u>24,767</u>	14.2

Revenue of the Group increased from \$24.8 million in 1H2017 to \$28.3 million in 1H2018, due to higher contribution from the Group's delivery of projects in China and Singapore.

Revenue from the EE Systems segment increased from \$14.0 million in 1H2017 to \$17.5 million in 1H2018 mainly due to the higher contribution from the Engineering, procurement, and construction ("EPC") projects in China and Singapore during the financial period.

Revenue from the WM Services segment decreased from \$5.2 million in 1H2017 to \$3.9 million in 1H2018 as a results of the disposal of Darco Youli Medical Waste operations in Taiwan in Year 2017.

Revenue from the Trading segment increased from \$5.6 million in 1H2017 to \$6.8 million in 1H 2018 mainly due to the higher contribution from Malaysia and China subsidiaries.

The Group's overall gross profit ("GP") margin has increased from 19.5% in 1H2017 to 20.5% in 1H2018. This is mainly due to the Group having successfully secured projects at higher margins through value engineering, while maintaining its competitiveness in the market.

Other Income

The Group's other income has decrease from \$1.3 million in 1H2017 to \$0.4 million in 1H2018, in the absence of a one-off reversal amount of \$1.0 million due to contract customer reflected in 1H2017. In the prior year, the Management has determined that a project that was included in the contract order that was signed in July 2015 (pre-acquisition of WHKD, with no work started to-date), has no prospect of completion. Accordingly, the reversal of amount due to contract customer in relation to that project has been made in 1H2017.

Operating Expenses

The group's marketing and distribution expenses increased from \$0.7 million in 1H2017 to \$1.2 million in 1H2018 mainly due to higher cost incurred by the subsidiaries in preparing tender documents for EPC projects.

Administrative expenses comprising mainly of admin staff salary, professional fees, rental, depreciation and other operating expenses, slightly decreased from \$4.6 million in 1H2017 to \$4.5 million in 1H2018. The decrease is mainly due to the decrease in administrative expenses in Taiwan amounting to \$0.4 million, following the completion of disposal of Darco Youli in Sep 2017. The decrease is partially offset by the compensation made to the employees in Darco Shanghai for the termination of employment, which amounted to \$0.2 million.

Finance costs increased from \$0.1 million in 1H2017 to \$0.3 million in 1H2018, mainly due to the new borrowing drawdown from Mr. Wang Zhi and also a higher utilisation of bank overdraft facilities in 1H2018.

Balance Sheet

Current Assets

The Group's trade and other receivables comprised of the following items:-

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	\$'000	\$'000
Construction work in progress	23,748	20,367
Trade receivables	22,893	22,898
Other receivables, deposits and prepayments	10,592	6,824
Total	57,233	50,089

Construction work in progress increased mainly due to the unbilled work done for China and Singapore projects. The construction work in progress relating to these China and Singapore projects has increased from \$20.4 million as at 31 December 2017 to \$23.7 million as at 30 June 2018. The increase in construction work in progress is in line with the increase in revenue.

Trade receivables has remained at \$22.9 million as at 30 June 2018.

The increase in other receivables was mainly due to the increase in advance payment to suppliers from \$0.2mil as at 31 December 2017 to \$3.4mil in 30 June 2018.

Non-current assets

Our non-current assets comprise of property, plant and equipment, intangible assets, deferred tax assets and other receivables.

The decrease in the property, plant and equipment is mainly due to depreciation of property, plant and equipment amounting to \$0.3 million. The above mentioned decrease was partially offset by the purchase of plant and equipment amounting to \$0.3 million.

The decrease in the intangible assets is mainly due to the amortisation of intangible assets amounting to \$0.2 million.

Balance Sheet (Cont'd)

Current Liabilities

The Group's trade and other payables comprised of the following:-

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
	\$'000	\$'000
Trade payables	18,984	18,031
Other payables and accruals	10,006	17,993
Construction work in progress	1,922	1,125
Total	30,912	37,149

The slight increase in trade payables is mainly due to numerous purchases made towards the end of the financial period, which remained unpaid as at 30 June 2018.

The decrease in other payables and accruals is mainly due to the following:-

1. Placement monies received in advance amounting to \$4.8 million as at 31 December 2017 has been reversed to share capital, following the completion of the placement during the financial period; and
2. Advances from customers has been reduced from \$9.7 million as at 31 Dec 2017 to \$7.8 million as at 30 June 2018.

Borrowings

Total borrowings increased from \$8.1 million as at 31 December 2017 to \$9.5 million as at 30 June 2018. The net increase is mainly due to additional loan and overdraft drawdown amounting to 1.4 million during the financial period.

Income tax payable

The reduction is mainly due to the repayment of tax during the financial period.

Equity

Share capital increased from \$54.3 million as at 31 December 2017 to \$77.5 million as at 30 June 2018. The increase in share capital was due to the issuance of 36,504,891 shares to investors, as disclosed in 1(d)(ii).

Cash flow statement for the period ended

	30 Jun 2018	30 Jun 2017
	\$'000	\$'000
Net cash used in operating activities	(7,992)	(2,352)
Cash flows used in investing activities	(252)	(535)
Cash flows from financing activities	15,398	2,763
Net increase/(decrease) in cash and cash equivalents	<u>7,154</u>	<u>(124)</u>

The group cash position was \$26.4 million as at 30 June 2018 compared to \$17.5 million, as at 31 December 2017.

In 1H2018, operating cash flow before changes in working capital was \$0.7 million, after adding non cash items of \$0.5 million. Net cash used in operating activities was \$8.0 million mainly due to cash outflow for the construction contracts and increase in advance payment to suppliers.

Cash used in investing activities in 1H2018 was \$0.3 million mainly due to cash payment for the purchase of property, plant and equipment.

Cash generated from financing activities in 1H2018 of \$15.4 million mainly arose from the share placement proceeds of \$16.1 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The business activities of the Group remain broad-based and the actual results are in line with the statements made in announcements released earlier.

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.

In the municipal sector, the Group continues to see opportunities for potable water supply in developing regions such as Indochina due to severe shortage of clean drinking water as ground water sources become increasingly depleted.

Another region where new opportunities have emerged is in China. With the reorganisation of existing cities and opening of new townships and industrial parks, environmental projects in wastewater recycling, solid waste and hazardous waste management are on the rise. The Group shall continue to explore and develop these investment opportunities with a particular emphasis on the implementation of Pneumatic Waste Conveyance Systems where possible.

The industrial market in regions of ASEAN where the Group operates is expected to grow steadily. Hence, the Group is likely to see an increase in the demand for engineered water treatment systems for Semiconductor, F&B, and Solar sectors in the coming months.

With a cash position of \$26.4 million as at 30 June 2018, the Group has strengthened its ability to undertake more Engineering, Procurement and Construction ("EPC") projects and infrastructure projects.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable

13. Use of proceeds

Pursuant to the share placement to Sofos, RS and WZ, which was completed on 8 February 2018, 21 March 2018 and 23 March 2018 respectively, the Company received net proceeds from the issuance of new shares of approximately \$20,672,000, after deducting share issue expenses.

The utilisation of the share placement proceeds as at the date of this announcement is as follows:

	Engineering contracts and business expansion	Funding new projects, investments in environmental relation infrastructure projects and other investments	Working Capital	Total Funds received/ used
	\$'000	\$'000	\$'000	\$'000
Funds received				
Sofos Placement	-	630,000	270,000	900,000
RS Placement	-	1,470,000	630,000	2,100,000
WZ Placement	5,397,600	12,594,400	-	17,992,000
Share issue expenses	(63,600)	(223,900)	(32,500)	(320,000)
	5,334,000	14,470,500	867,500	20,672,000
Funds used				
Vietnam infrastructure projects	-	(853,600)	-	(853,600)
Engineering, Procurement and Construction ("EPC") business expansion in China	(525,000)	-	-	(525,000)
Business expansion – Pneumatic Waste Conveyance System	(1,000,000)	-	-	(1,000,000)
Total	(1,525,000)	(853,600)	-	2,378,600
Net Balances	3,809,000	13,616,900	867,500	18,293,400

The above utilisation is in accordance with the intended use of proceeds of the Shares Placements as stated in the announcement dated 22 February 2018.

- 14. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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.**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
N/A	N/A	N/A

No IPT general mandate has been obtained by the Group from the shareholders. The Group does not have any discloseable IPTs during the financial period.

- 15. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

- 16. Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial statements for the period ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Thye Kim Meng
Executive Director and CEO

Heather Tan Chern Ling
Executive Director

BY ORDER OF THE BOARD

Thye Kim Meng
Executive Director and CEO
7 August 2018