



ECOWISE HOLDINGS LIMITED
Company Registration No. 200209835C

Unaudited Financial Statements for the First Quarter Ended 31 January 2016

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

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Q1 FY2016 (S\$'000)	Q1 FY2015 (S\$'000)	% Change
Revenue	13,982	15,450	(9.5%)
Cost of Sales	(11,304)	(12,437)	(9.1%)
Gross Profit	2,678	3,013	(11.1%)
<u>Other Items of Income</u>			
Finance Income	16	17	(5.9%)
Other Gains	8	156	(94.9%)
<u>Other Items of Expenses</u>			
Marketing and Distribution Expenses	(794)	(869)	(8.6%)
Administrative Expenses	(1,970)	(1,867)	5.5%
Finance Costs	(303)	(289)	4.8%
Other Losses	(299)	(97)	208.2%
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(430)	(167)	157.5%
Loss Before Income Tax	(1,094)	(103)	962.1%
Income Tax Income/(Expense)	113	(196)	n/m
Loss for the Period	(981)	(299)	228.1%
<u>Other Comprehensive Income/(Loss)</u>			
<u>Items that may be Reclassified Subsequently to Profit or Loss:</u>			
Exchange Differences on Translating Foreign Operations, Net of Tax	1,427	(1,396)	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	143	(9)	n/m
Total Other Comprehensive Income/(Loss) for the Period	1,570	(1,405)	n/m
Total Comprehensive Income/(Loss) for the Period	589	(1,704)	n/m
Loss for the Period Attributable to:			
Owners of the Company	(991)	(331)	199.4%
Non-Controlling Interests	10	32	(68.8%)
Loss for the Period	(981)	(299)	228.1%
Total Comprehensive Income/(Loss) for the Period Attributable to:			
Owners of the Company	310	(1,488)	n/m
Non-Controlling Interests	279	(216)	n/m
Total Comprehensive Income/(Loss) for the Period	589	(1,704)	n/m

"n/m" denotes not meaningful.

1(a)(ii)

Notes to Consolidated Statement of Comprehensive Income

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

	Group	
	Q1 FY2016 (S\$'000)	Q1 FY2015 (S\$'000)
Finance Lease Income	336	347
Finance Income		
– Interest Income	16	17
Finance Costs	(303)	(289)
Depreciation of Property, Plant and Equipment	(722)	(619)
Impairment Loss on Assets Held for Sale	-	(7,311)
Extinguishment of Liabilities	-	7,217
Impairment Loss on Assets Held for Sale, Net	-	(94)
Amortisation of Intangible Assets	(21)	(24)
Amortisation of Land Use Rights	(6)	(7)
Loss on Disposal of Property, Plant and Equipment	-	(2)
Net Fair Value Gain on Derivative Financial Instruments	(9)	54
Foreign Exchange (Loss)/Gain, Net	(290)	29
Adjustments for Under/(Over) Provision for Taxation in Respect of Prior Years	-	(9)
Provision for Retirement Benefit Obligations Expenses, Net	(11)	(28)
Amortisation of Deferred Income	3	4
Allowance for Doubtful Receivables- Reversed	4	7
Allowance for Inventory Obsolescence –Made	(11)	(12)

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 January 2016 (S\$'000)	31 October 2015 (S\$'000)	31 January 2016 (S\$'000)	31 October 2015 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	24,523	23,792	326	302
Intangible Assets	1,423	1,365	-	-
Land Use Rights	1,078	1,103	-	-
Investments in Subsidiaries	-	-	43,721	43,731
Investments in Associates	4,339	4,527	-	-
Investment in Jointly-Controlled Entity	3,175	3,558	-	-
Other Financial Assets	1,057	1,057	-	-
Finance Lease Receivables	11,756	11,920	-	-
Trade and Other Receivable	635	635	-	-
Deferred Tax Assets	328	158	-	-
Total Non-Current Assets	48,314	48,115	44,047	44,033
Current Assets				
Inventories	8,128	8,253	-	-
Income Tax Receivables	445	372	-	-
Trade and Other Receivables	17,017	17,817	5,758	5,341
Finance Lease Receivables	670	652	-	-
Derivative Financial Instruments	54	44	-	-
Other Assets	844	620	126	86
Cash and Cash Equivalents	5,975	7,732	227	1,362
	33,133	35,490	6,111	6,789
Assets Classified as Held for Sale	4,971	5,078	-	-
Total Current Assets	38,104	40,568	6,111	6,789
Total Assets	86,418	88,683	50,158	50,822
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,035	48,035	48,035	48,035
Accumulated Losses	(1,054)	(61)	(5,629)	(5,744)
Foreign Currency Translation Reserve	(4,050)	(5,083)	-	-
Other Reserves	2,232	1,964	-	-
Equity Attributable to Owners of the Company	45,163	44,855	42,406	42,291
Non-Controlling Interests	3,013	2,732	-	-
Total Equity	48,176	47,587	42,406	42,291
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	689	632	-	-
Loans and Borrowings	10,605	10,993	18	23
Deferred Tax Liabilities	2,311	2,226	-	-
Provision for reinstatement cost	350	350	-	-
Deferred Income	26	26	-	-
Total Non-Current Liabilities	13,981	14,227	18	23

	Group		Company	
	31 January 2016 (S\$'000)	31 October 2015 (S\$'000)	31 January 2016 (S\$'000)	31 October 2015 (S\$'000)
Current Liabilities				
Income Tax Payable	516	520	25	27
Trade and Other Payables	8,161	9,384	4,658	5,449
Other Liabilities	764	766	-	-
Derivative Financial Instruments	1	124	-	-
Loans and Borrowings	12,804	14,034	3,051	3,032
Deferred Income	7	8	-	-
	22,253	24,836	7,734	8,508
Liabilities Directly Associated with Assets Held for Sale	2,008	2,033	-	-
Total Current Liabilities	24,261	26,869	7,734	8,508
Total Liabilities	38,242	41,096	7,752	8,531
Total Equity and Liabilities	86,418	88,683	50,158	50,822

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

	Group			
	As at 31 January 2016		As at 31 October 2015	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount repayable in one year or less, or on demand	7,719	5,085	10,029	4,005
Amount repayable after one year	10,605	-	10,993	-

Details of any collateral

As at 31 January 2016, secured loans and borrowings comprised:

- Finance lease liabilities of S\$3,026,000 (31 October 2015: S\$3,009,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$7,419,000 (31 October 2015: S\$9,395,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$268,000 (31 October 2015: S\$293,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$7,460,000 (31 October 2015: S\$7,866,000) 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 S\$151,000 (31 October 2015: S\$459,000) 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	
	Q1 FY2016 (S\$'000)	Q1 FY2015 (S\$'000)
<u>Cash Flows From Operating Activities</u>		
Loss Before Income Tax	(1,094)	(103)
Depreciation of Property, Plant and Equipment	722	619
Loss on Disposal of Property, Plant and Equipment	-	2
Amortisation of Intangible Assets	21	24
Amortisation of Land Use Rights	6	7
Share of Results from Associates and Jointly- Controlled Entity, Net of Tax	430	167
Impairment Loss on Assets Held for Sale	-	7,311
Extinguishment of Liabilities	-	(7,217)
	-	94
Net Fair Value Loss on Derivative Financial Instruments	(9)	(37)
Provision for Retirement Benefit Obligations Expenses, Net	11	28
Amortisation of Deferred Income	(3)	(4)
Finance Lease Income	(336)	(347)
Finance Income	(16)	(17)
Finance Costs	303	289
Operating Cash Flows Before Changes in Working Capital	35	722
Inventories	566	(258)
Trade and Other Receivables	2,197	(2)
Finance Lease Receivables	146	136
Other Assets	(218)	(73)
Trade and Other Payables	(1,364)	(1,941)
Other Liabilities	(2)	(1)
Finance Lease Income Received	336	347
Retirement Benefit Obligations Paid	-	(25)
Net Cash Flows From / (Used In) Operations Before Income Tax	1,696	(1,095)
Income Tax Paid	(125)	(158)
Net Cash Flows From / (Used In) Operating Activities	1,571	(1,253)
<u>Cash Flows From Investing Activities</u>		
Acquisition of Property, Plant and Equipment	(263)	(970)
Loan to a Jointly-Controlled Entity	(577)	-
Interest Income Received	16	17
Net Cash Flows Used In Investing Activities	(824)	(953)
<u>Cash Flows From Financing Activities</u>		
Proceeds from Loans and Borrowings	-	783
Repayments of Loans and Borrowings	(2,003)	(647)
Interest Expenses Paid	(285)	(254)
Decrease / (Increase) in Cash Restricted in Use Over 3 Months ^(a)	13	(59)
Net Cash Flows Used In Financing Activities	(2,275)	(177)
Net Decrease in Cash and Cash Equivalents	(1,528)	(2,383)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	114	235
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	5,840	10,296
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	4,426	8,148

	Group	
	Q1 FY2016 (S\$'000)	Q1 FY2015 (S\$'000)
Cash and Cash Equivalents in the Statement of Cash Flows		
Cash and Cash Equivalents ^(b)	5,975	8,944
Cash Restricted in Use	(617)	(624)
Bank Overdrafts	(932)	(172)
Cash and Cash Equivalents At End of Period	4,426	8,148

(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\$1,633,000 (31 January 2015: S\$1,708,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$44,000 (Q1 FY2015: S\$ Nil) 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)
Group							
Current Period							
At 1 November 2015	48,035	(61)	(5,083)	1,964	44,855	2,732	47,587
Total Comprehensive Loss							
Loss for the Period	-	(991)	-	-	(991)	10	(981)
Other Comprehensive Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	1,033	125	1,158	269	1,427
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	143	143	-	143
Bonus Shares Issued to Non-Controlling Interests	-	(2)	-	-	(2)	2	-
	-	(2)	1,033	268	1,299	271	1,570
At 31 January 2016	48,035	(1,054)	(4,050)	2,232	45,163	3,013	48,176
Previous Period							
At 1 November 2014	46,191	(657)	(1,560)	2,629	46,603	3,446	50,049
Total Comprehensive Loss							
Loss for the Period	-	(331)	-	-	(331)	32	(299)
Other Comprehensive Loss							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(1,039)	(109)	(1,148)	(248)	(1,396)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	(9)	(9)	-	(9)
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	-	(144)	-	-	-
	144	-	(1,039)	(262)	(1,157)	(248)	(1,405)
At 31 January 2015	46,335	(988)	(2,599)	2,367	45,115	3,230	48,345

	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<u>Company</u>				
<u>Current Period</u>				
At 1 November 2015	48,035	(5,744)	-	42,291
Movements in Equity				
Total Comprehensive Income for the Period	-	115	-	115
At 31 January 2016	48,035	(5,629)	-	42,406
<u>Previous Period</u>				
At 1 November 2014	46,191	(4,172)	144	42,163
Movements in Equity				
Total Comprehensive Loss for the Period	-	(142)	-	(142)
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	(144)	-
	144	(142)	(144)	(142)
At 31 January 2015	46,335	(4,314)	-	42,021

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Ordinary Shares	Paid-up Capital (S\$'000)
At 1 November 2015 and 31 January 2016	952,983,029	48,035

On 21 January 2016, pursuant to the ecoWise Performance Share Plan, the Company granted share awards of 4,500,000 shares in the share capital of the Company to an eligible participant. Please refer to the Company's announcement dated 21 January 2016 for more information.

As at 31 January 2016, the number of outstanding share awards under the ecoWise Performance Share Plan was 4,500,000 shares (31 January 2015 : Nil).

- 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 952,983,029 ordinary shares as at 31 January 2016 (31 October 2015: 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 31 January 2016, 31 October 2015 and 31 January 2015.

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 2015 (see item 5), the Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 October 2015.

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 does 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.

Earnings per ordinary share for the period based on (loss)/profit for the period attributable to owners of the Company:

	Group	
	Q1 FY2016 (cents)	Q1 FY2015 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.104)	(0.035)
(ii) On a fully diluted basis	(0.104)	(0.035)

Earnings per share for the quarter ended 31 January 2016

Basic earnings per share for Q1 FY2016 is calculated based on the loss attributable to owners of the Company of S\$991,000 (Q1 FY2015: loss attributable to owners of the Company of S\$331,000) and on 952,983,029 (Q1 FY2015: 935,337,066) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q1 FY2016 is calculated based on 957,483,029 (Q1 FY2015: 935,337,066) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31 January 2016 (cents)	31 October 2015 (cents)	31 January 2016 (cents)	31 October 2015 (cents)
Net asset value per ordinary share at end of period/year	4.74	4.71	4.45	4.44

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$45,163,000 (31 October 2015: S\$44,855,000) and 952,983,029 (31 October 2015: 952,983,029) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$42,406,000 (31 October 2015: S\$42,291,000) and 952,983,029 (31 October 2015: 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		
	Q1 FY2016 (S\$'000)	Q1 FY2015 (S\$'000)	% Change
Revenue			
Renewable Energy Segment	2,465	2,600	(5.2%)
Resource Recovery Segment	11,399	12,604	(9.6%)
Integrated Environmental Management Solutions Segment	118	246	(52.0%)
Total	13,982	15,450	(9.5%)

The Group's revenue for the first quarter ended 31 January 2016 ("Q1 FY2016") of S\$13.98 million was S\$1.47 million or 9.5% lower as compared to the corresponding period of the last financial period ("Q1 FY2015").

The decline in revenue was due to lower revenue recorded by the Group's resource recovery segment attributable to the foreign exchange translation effect caused by the weaker Malaysia Ringgit in Q1 FY2016 as compared to Q1 FY2015. The sales recorded by the Group's rubber compounds and retreaded tyres businesses under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") had also decreased due to slightly lower domestic sales volume in retreaded tyres in Q1 FY 2016 as compared to Q1 FY 2015.

The Group's gross profit of S\$2.68 million in Q1 FY2016 were lower as compared to S\$3.01 million in Q1 FY2015 mainly due to higher depreciation of the new advanced mixing plant and building and higher labour costs in the resource recovery segment.

Other gains of S\$0.01 million in Q1 FY2016 were mainly due to the reversal of provision for doubtful debts and deferred income. In Q1 FY 2015, other gains were mainly due the forfeited deposit from a potential investor S\$0.06 million, fair value gain on derivative financial instrument of S\$0.05 million and foreign currency exchange gain of S\$0.03 million.

Marketing and distribution expenses decreased by 8.6% to S\$0.79 million in Q1 FY2016 mainly due to lower petrol expenses, commission and upkeep of motor vehicles.

Administrative expenses increased by 5.5% to S\$1.97 million in Q1 FY2016 mainly due to increases in manpower cost attributable to higher headcount, depreciation expenses, professional fees and upkeep of leasehold land partially offset by lower consultancy fees, operating lease expenses.

Depreciation expenses increased by 16.6% to S\$0.72 million in Q1 FY2016 mainly due to increases in depreciable assets (new advance rubber mixing plant which was commissioned in end Q2 FY2015) attributable to the Group's resource recovery segment as compared to Q1 FY2015.

Other losses increased by 208.2% to S\$0.30 million in Q1 FY2016 mainly due to foreign exchange loss and fair value loss on derivative financial instrument attributable to Group's renewable energy segment in Q1 FY2016. In Q1 FY 2015, other losses were mainly due to impairment losses on assets held for sale (net) of S\$0.09 million.

Share of losses from associates and jointly-controlled entity of S\$0.43 million in Q1 FY2016 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\$1.09 million in Q1 FY2016 mainly due to seasonal lower revenue, higher foreign exchange loss, share of losses from associates and jointly-controlled entity and higher administrative expenses.

The Group recorded income tax expense of S\$0.11 million in Q1 FY2016 as compared to S\$0.20 million income tax expense in Q1 FY2015, mainly due to deferred tax assets recognised from losses of the Group's resources recovery segment in Q1 FY2016.

As a result of the above factors, the Group recorded a net loss of S\$0.98 million in Q1 FY2016 as compared to a loss of S\$0.30 million in Q1 FY2015.

Statement of Financial Position

The Group's non-current assets increased by 0.41% or S\$0.20 million to S\$48.31 million as at 31 January 2016.

The Group's property, plant and equipment increased by S\$0.73 million to S\$24.52 million as at 31 January 2016 mainly attributed to the acquisition of plant and equipment of S\$0.30 million, movements in foreign exchange rates gain of S\$1.15 million and partially offset by depreciation charges of S\$0.72 million.

Investments in associates and jointly-controlled entity collectively decreased by S\$0.57 million mainly attributed to the Group's share of losses from associates and jointly-controlled entity of S\$0.43 million and effects of movements in foreign exchange rate loss of S\$0.14 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\$12.57 million as at 31 October 2015 to S\$12.43 million as at 31 January 2016 attributed to billings to and collections from the customer.

The Group's current assets decreased by S\$2.46 million to S\$38.10 million as at 31 January 2016 mainly due to decrease in trade and other receivables by S\$0.80 million, cash and cash equivalents by S\$1.76 million and assets held for sale by S\$0.11 million, partially offset with increase in other assets by S\$0.22 million. The decrease in trade and other receivables was mainly attributable to lower revenue recorded in Q1FY2016 compared against Q4FY2015 under the Group's resource recovery segment, partially offset by effects of movements in foreign exchange rate gain as at 31 January 2016 as compared with 31 October 2015.

The Group's non-current liabilities decreased marginally by S\$0.25 million mainly due to transfer of loan due within the next 12 months from non-current liabilities to current liabilities partially offset by higher deferred tax liabilities.

The Group's current liabilities decreased by S\$2.61 million to S\$24.26 million as at 31 January 2016 mainly due to decrease in trade and other payables by S\$1.22 million, loans and borrowings by S\$1.23 million and derivative financial instruments by S\$0.12 million. The decrease in trade and other payables was mainly attributable to lower purchases by the Group's resource recovery segment, in line with lower sales in Q1 FY2016 as compared with Q4 FY2015.

The Group's total loans and borrowings decreased by S\$1.62 million mainly due to repayment of loans and borrowings of S\$2.00 million and decrease in bank overdraft of S\$0.36 million, partially offset by effects of movements in foreign exchange rates loss of S\$0.70 million.

Statement of Cash Flow

For the quarter ended 31 January 2016

The Group's cash and cash equivalents decreased by S\$1.53 million in Q1 FY2016 mainly due to net positive cash flows from operating activities of S\$1.57 million, net cash flows used in investing activities of S\$0.82 million and net cash flow used in financing activities of S\$2.28 million.

Net cash flows from operating activities for Q1 FY2016 was S\$1.57 million mainly attributable to decrease in trade and other receivables due to higher to collections from debtors.

Cash flows used in investing activities of S\$0.82 million comprised mainly the Group's capital expenditure on property, plant and equipment amounting to S\$0.26 million in Q1 FY2016, loan to a jointly-controlled entity of S\$0.58 million and interest income received from finance lease receivable amounting to S\$0.02 million. The Group's capital expenditure is primarily concentrated in its resources recovery segment.

Cash flows used in financing activities of S\$2.28 million comprised mainly repayments of loans and borrowings of S\$2.00 million and finance costs of S\$0.29 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.**

Resource Recovery segment

The Group's rubber compound and new and retreaded tyres business under SRIT Group continues to face challenging market conditions due to economic uncertainties in the markets in which it operates, volatile commodity prices and foreign currency fluctuations, in particular that of the Malaysian Ringgit.

Renewable Energy segment

The Group expects its biomass co-generation power plant at Gardens by the Bay to have lower revenue due to unscheduled maintenance performed in February 2016.

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 plans to sell the assets of Hivern Group on an as-is where-is basis or to enhance the assets for sale.

11. Dividend

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

(b) **Corresponding Period of the Immediately Preceding Financial Year**

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

None.

(c) **Date payable**

None.

(d) **Books closure date**

None.

12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 31 January 2016.

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, 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 financial statements for the first quarter ended 31 January 2016 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

Lee Thiam Seng
Director

Low Kian Beng
Director

14 March 2016

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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