

Unaudited Financial Statements for the Second Quarter and Half Year Ended 30 April 2016

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY Q2 AND HALF-YEAR RESULTS

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

	Group					
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	% Change	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)	% Change
Revenue	14,808	15,131	(2.1%)	28,790	30,581	(5.9%)
Cost of Sales	(12,093)	(11,496)	5.2%	(23,397)	(23,933)	(2.2%)
Gross Profit	2,715	3,635	(25.3%)	5,393	6,648	(18.9%)
<u>Other Items of Income</u>						
Finance Income	3	16	(81.3%)	19	33	(42.4%)
Other Gains	119	77	(54.5%)	127	233	(45.5%)
<u>Other Items of Expenses</u>						
Marketing and Distribution Expenses	(754)	(858)	(12.1%)	(1,548)	(1,727)	(10.4%)
Administrative Expenses	(1,918)	(1,808)	6.1%	(3,888)	(3,675)	5.8%
Finance Costs	(288)	(296)	(2.7%)	(591)	(585)	1.0%
Other Losses	(236)	(179)	31.8%	(535)	(276)	93.8%
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(278)	(133)	109.0%	(708)	(300)	136.0%
(Loss)/Profit Before Income Tax	(637)	454	n/m	(1,731)	351	n/m
Income Tax Income /(Expense)	46	(190)	n/m	159	(386)	n/m
(Loss)/Profit for the Period	(591)	264	n/m	(1,572)	(35)	4391.4%
<u>Other Comprehensive (Loss)/Income</u>						
Exchange Differences on Translating Foreign Operations, Net of Tax	(593)	(190)	212.1%	834	(1,586)	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(39)	-	n/m	104	(9)	n/m
Total Other Comprehensive (Loss)/Income for the Period	(632)	(190)	232.6%	938	(1,595)	n/m
Total Comprehensive (Loss)/Income for the Period	(1,223)	74	n/m	(634)	(1,630)	(61.1%)

	Group					
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	% Change	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)	% Change
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(654)	165	n/m	(1,645)	(166)	891.0%
Non-Controlling Interests	63	99	(36.4%)	73	131	(44.3%)
(Loss)/Profit for the Period	(591)	264	n/m	(1,572)	(35)	4391.4%
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(1,107)	(16)	6818.8%	(797)	(1,504)	(47.0%)
Non-Controlling Interests	(116)	90	n/m	163	(126)	n/m
Total Comprehensive (Loss)/Income for the Period	(1,223)	74	n/m	(634)	(1,630)	(61.1%)

"n/m" denotes not meaningful.

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

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

	Group			
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)
Finance Lease Income	334	344	670	691
Finance Income – Interest Income	3	16	19	33
Finance Costs	(288)	(296)	(591)	(585)
Depreciation of Property, Plant and Equipment	(750)	(619)	(1,472)	(1,238)
Impairment Loss on Assets Held for Sale	-	(60)	-	(7,371)
Extinguishment of Liabilities	-	-	-	7,217
Impairment Loss on Assets Held for Sale, Net	-	(60)	-	(154)
Amortisation of Intangible Assets	(22)	(24)	(43)	(48)
Amortisation of Land Use Rights	(6)	(6)	(12)	(13)
(Loss)/Gain on Disposal of Property, Plant and Equipment	(1)	37	(1)	35
Net Fair Value Gain/(Loss) on Derivative Financial Instruments	12	(69)	3	(15)
Foreign Exchange Loss, Net	(249)	(136)	(539)	(107)
Government Grant Income	100	88	100	88
Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years	(1)	59	(1)	50
Provision for Retirement Benefit Obligations Expenses, Net	(11)	(11)	(22)	(39)
Amortisation of Deferred Income	2	6	5	10
Allowance for Doubtful Receivables - Reversal	16	30	20	37
Allowance for Inventory Obsolescence – Made	(7)	(9)	(18)	(21)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 April 2016 (S\$'000)	31 October 2015 (S\$'000)	30 April 2016 (S\$'000)	31 October 2015 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	24,007	23,792	253	302
Intangible Assets	1,400	1,365	-	-
Land Use Rights	1,025	1,103	-	-
Investments in Subsidiaries	-	-	43,464	43,731
Investments in Associates	4,080	4,527	-	-
Investment in Jointly-Controlled Entity	2,815	3,558	-	-
Other Financial Assets	1,057	1,057	-	-
Finance Lease Receivable	11,587	11,920	-	-
Other Receivable	635	635	-	-
Deferred Tax Assets	440	158	-	-
Total Non-Current Assets	47,046	48,115	43,717	44,033
Current Assets				
Inventories	8,093	8,253	-	-
Income Tax Receivables	402	372	-	-
Trade and Other Receivables	17,506	17,817	6,047	5,341
Finance Lease Receivable	684	652	-	-
Derivative Financial Instruments	17	44	-	-
Other Assets	1,052	620	113	86
Cash and Cash Equivalents	5,857	7,732	226	1,362
	33,611	35,490	6,386	6,789
Assets Classified as Held for Sale	4,898	5,078	-	-
Total Current Assets	38,509	40,568	6,386	6,789
Total Assets	85,555	88,683	50,103	50,822
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,035	48,035	48,035	48,035
Accumulated Losses	(1,745)	(61)	(5,678)	(5,744)
Foreign Currency Translation Reserve	(4,448)	(5,083)	-	-
Other Reserves	2,216	1,964	-	-
Equity Attributable to Owners of the Company	44,058	44,855	42,357	42,291
Non-Controlling Interests	2,895	2,732	-	-
Total Equity	46,953	47,587	42,357	42,291
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	683	632	-	-
Loans and Borrowings	9,723	10,993	13	23
Deferred Tax Liabilities	2,292	2,226	-	-
Provision for reinstatement cost	350	350	-	-
Deferred Income	24	26	-	-
Total Non-Current Liabilities	13,072	14,227	13	23

	Group		Company	
	30 April 2016 (S\$'000)	31 October 2015 (S\$'000)	30 April 2016 (S\$'000)	31 October 2015 (S\$'000)
Current Liabilities				
Income Tax Payable	376	520	26	27
Trade and Other Payables	9,266	9,384	4,843	5,449
Other Liabilities	762	766	-	-
Derivative Financial Instruments	5	124	-	-
Loans and Borrowings	13,166	14,034	2,864	3,032
Deferred Income	7	8	-	-
	23,582	24,836	7,733	8,508
Liabilities Directly Associated with Assets Held for Sale	1,948	2,033	-	-
Total Current Liabilities	25,530	26,869	7,733	8,508
Total Liabilities	38,602	41,096	7,746	8,531
Total Equity and Liabilities	85,555	88,683	50,103	50,822

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

	Group			
	As at 30 April 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	8,310	4,856	10,029	4,005
Amount repayable after one year	9,723	-	10,993	-

Details of any collateral

As at 30 April 2016, secured loans and borrowings comprised:

- Finance lease liabilities of S\$2,842,000 (31 October 2015: S\$3,009,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$7,895,000 (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\$244,000 (31 October 2015: S\$293,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$7,052,000 (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 Nil (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			
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)
<u>Cash Flows From Operating Activities</u>				
(Loss)/Profit Before Income Tax	(637)	454	(1,731)	351
Depreciation of Property, Plant and Equipment	750	619	1,472	1,238
Loss/(Gain) on Disposal of Property, Plant and Equipment	1	(37)	1	(35)
Amortisation of Intangible Assets	22	24	43	48
Amortisation of Land Use Rights	6	6	12	13
Share of Results from Associates, Net of Tax	278	133	708	300
Impairment Loss on Assets Held for Sale	-	60	-	7,371
Extinguishment of Liabilities	-	-	-	(7,217)
	-	60	-	154
Net Fair Value Loss/(Gain) on Derivative Financial Instruments	6	52	(3)	15
Provision for Retirement Benefit Obligations Expenses, Net	11	11	22	39
Amortisation of Deferred Income	(2)	(6)	(5)	(10)
Finance Lease Income	(334)	(344)	(670)	(691)
Finance Income	(3)	(16)	(19)	(33)
Finance Costs	288	296	591	585
Operating Cash Flows Before Changes in Working Capital	386	1,252	421	1,974
Inventories	28	197	594	(61)
Trade and Other Receivables	(1,250)	674	947	672
Finance Lease Receivable	155	139	301	275
Other Assets	(208)	79	(426)	6
Trade and Other Payables	1,275	(653)	(89)	(2,594)
Other Liabilities	(2)	-	(4)	(1)
Finance Lease Income Received	334	344	670	691
Retirement Benefit Obligations Paid	(25)	-	(25)	(25)
Net Cash Flows From Operations Before Income Tax	693	2,032	2,389	937
Income Tax Paid	(173)	(258)	(298)	(416)
Net Cash Flows From Operating Activities	520	1,774	2,091	521
<u>Cash Flows From Investing Activities</u>				
Acquisition of Property, Plant and Equipment	(339)	(650)	(602)	(1,620)
Proceeds from Disposal of Property, Plant and Equipment	-	55	-	55
Repayment from /(Loan to) a Jointly-Controlled Entity	505	-	(72)	-
Interest Income Received	3	16	19	33
Net Cash Flows (Used In)/From Investing Activities	169	(579)	(655)	(1,532)

	Group			
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)
<u>Cash Flows From Financing Activities</u>				
Proceeds from Loans and Borrowings	-	128	-	911
Repayments of Loans and Borrowings	(182)	(1,366)	(2,185)	(2,013)
Interest Expenses Paid	(295)	(294)	(580)	(548)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	(151)	-	(151)
(Increase)/Decrease in Cash Restricted in Use Over 3 Months ^(a)	(1)	10	12	(49)
Net Cash Flows Used In Financing Activities	(478)	(1,673)	(2,753)	(1,850)
Net Decrease in Cash and Cash Equivalents	211	(478)	(1,317)	(2,861)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	6	(80)	120	155
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,426	8,148	5,840	10,296
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	4,643	7,590	4,643	7,590
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents ^(b)	5,857	9,191	5,857	9,191
Cash Restricted in Use	(617)	(614)	(617)	(614)
Bank Overdrafts	(597)	(987)	(597)	(987)
Cash and Cash Equivalents At End of Period	4,643	7,590	4,643	7,590

(a) Comprised bank balances set aside for payments to specific creditors.

(b) Included in cash and cash equivalents were fixed deposits of S\$1,245,000 (30 April 2015: S\$1,709,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$44,000 (1H FY2015: 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 for the Period	-	(1,645)	-	-	(1,645)	73	(1,572)
Other Comprehensive Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	635	109	744	90	834
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	104	104	-	104
Bonus Shares Issued by Subsidiary	-	(39)	-	39	-	-	-
	-	(39)	635	252	848	90	938
At 30 April 2016	48,035	(1,745)	(4,448)	2,216	44,058	2,895	46,953
Previous Period							
At 1 November 2014	46,191	(657)	(1,560)	2,629	46,603	3,446	50,049
Total Comprehensive Loss for the Period	-	(166)	-	-	(166)	131	(35)
Other Comprehensive Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(1,203)	(126)	(1,329)	(257)	(1,586)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	(9)	(9)	-	(9)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	(151)	(151)
Issue of Ordinary Shares	1,000	-	-	-	1,000	-	1,000
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	-	(144)	-	-	-
	1,144	-	(1,203)	(279)	(338)	(408)	(746)
At 30 April 2015	47,335	(823)	(2,763)	2,350	46,099	3,169	49,268

	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
Total Comprehensive Income for the Period	-	66	-	66
At 30 April 2016	48,035	(5,678)	-	42,357
<u>Previous Period</u>				
At 1 November 2014	46,191	(4,172)	144	42,163
Total Comprehensive Loss for the Period	-	(197)	-	(197)
Equity-Settled Share-Based Expenses	-	-	(144)	(144)
Issue of Ordinary Shares	1,000	-	-	1,000
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	-	144
	1,144	-	(144)	1,000
At 30 April 2015	47,335	(4,369)	-	42,966

- 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 30 April 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 30 April 2016, the number of outstanding share awards under the ecoWise Performance Share Plan was 4,500,000 shares (30 April 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 30 April 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 30 April 2016.

- 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 that are effective for the period beginning on 1 November 2015 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.

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

	Group			
	Q2 FY2016 (cents)	Q2 FY2015 (cents)	1H FY2016 (cents)	1H FY2015 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.069)	0.018	(0.173)	(0.018)
(ii) On a fully diluted basis	(0.068)	0.018	(0.172)	(0.018)

Earnings per share for the quarter ended 30 April 2016

Basic earnings per share for Q2 FY2016 is calculated based on the loss attributable to owners of the Company of S\$654,000 (Q2 FY2015: profit attributable to owners of the Company of S\$165,000) and on 952,983,029 (Q2 FY2015: 942,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q2 FY2016 is calculated based on 957,483,029 (Q2 FY2015: 942,983,029) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

Earnings per share for the half-year ended 30 April 2016

Basic earnings per share for 1H FY2016 is calculated based on the loss attributable to owners of the Company of S\$1,645,000 (1H FY2015: loss attributable to owners of the Company of S\$166,000) and on 952,983,029 (1H FY2015: 939,096,683) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for 1H FY2016 is calculated based on 957,483,029 (1H FY2015: 939,096,683) weighted average number of ordinary shares in issue during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	30 April 2016 (cents)	31 October 2015 (cents)	30 April 2016 (cents)	31 October 2015 (cents)
Net asset value per ordinary share at end of period/year	4.62	4.71	4.44	4.44

The Group's net asset value per ordinary share was calculated based on net assets attributable to owners of the Company of S\$44,058,000 (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 was calculated based on net assets of S\$42,357,000 (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					
	Q2 FY2016 (S\$'000)	Q2 FY2015 (S\$'000)	% Change	1H FY2016 (S\$'000)	1H FY2015 (S\$'000)	% Change
Revenue						
Renewable Energy Segment	2,242	2,676	(16.2%)	4,707	5,276	(10.8%)
Resource Recovery Segment	12,193	12,122	0.6%	23,592	24,726	(4.6%)
Integrated Environmental Management Solutions Segment	373	333	12.0%	491	579	(15.2%)
Total	14,808	15,131	(2.1%)	28,790	30,581	(5.9%)

The Group's revenue for the second quarter ended 30 April 2016 ("Q2 FY2016") of S\$14.8 million was S\$0.32 million or 2.1% lower as compared to the corresponding period of last financial year ("Q2 FY2015"). The Group's revenue for the half-year ended 30 April 2016 ("1H FY2016") of S\$28.79 million was S\$1.79 million or 5.9% lower as compared to the corresponding period of last financial year ("1H FY2015").

Q2 FY2016 revenue decreased by 2.1% mainly due to lower revenue recorded by the Group's renewable energy segment attributable to unscheduled maintenance performed in February 2016 for the biomass co-generation power plant at Gardens by the Bay and decreased in tipping fees for the collection of tree or wood waste in Q2 FY2016.

1H FY2016 revenue decreased by 5.9% mainly due to lower revenue recorded by the Group's renewable energy segment and resource recovery segment. There was a decrease in sales from the Group's renewable energy segment attributable to unscheduled maintenance performed in February 2016 for the biomass co-generation power plant at Gardens by the Bay and there was a decrease in tipping fees for the collection of tree or wood waste in Q2 FY2016. There was also decrease in the Group's resource recovery segment attributable to the foreign exchange translation effect caused by the weaker Malaysian Ringgit in 1H FY2016 as compared to 1H FY2015. This was however partially offset with higher sales recorded by the Group's rubber compounds under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group").

The Group's gross profit margin of 18.3% for Q2 FY2016 and 18.7% in 1H FY2016 were lower compared to 24.0% in Q2 FY2015 and 21.7% in 1H FY2015 mainly due to lower sales in the Group's renewable energy segment and higher depreciation expenses (new advance rubber mixing plant which was commissioned at the end of Q2 FY2015) and higher production cost recorded by Group's resource recovery segment.

The Group's gross profit of S\$2.72 million in Q2 FY2016 and S\$5.40 million in 1H FY2016 were lower as compared to S\$3.64 million in Q2 FY2015 and S\$6.65 million in 1H FY2015. This was mainly attributable to the decrease in sales from the Group's renewable energy segment due to the unscheduled maintenance performed in February 2016 for the biomass co-generation power plant at Gardens by the Bay, and higher depreciation of the new advance mixing plant and building, higher production cost and foreign translation effect caused by the weaker Malaysian Ringgit in the Group's resource recovery segment.

Other gains increased by S\$0.04 million to S\$0.12 million in Q2 FY2016 mainly due to higher government grant income of S\$0.01 million and gain from derivative financial instrument of S\$0.08 million, partially offset by absence of gain from disposal of property, plant and equipment of S\$0.04 million in Q2 FY2016.

Other gains decreased by \$0.11 million to S\$0.13 million in 1H FY2016 mainly due to absence of forfeited deposit from a potential investor of S\$0.06 million and gain on disposal of property, plant and equipment of S\$0.04 million in 1H FY2016.

Marketing and distribution expenses decreased by 12.1% to S\$0.75 million in Q2 FY2016 mainly due to lower petrol expenses and advertising expenses. The lower petrol expenses were mainly due lower petrol price.

Marketing and distribution expenses decreased by 10.4% to S\$1.55 million in 1H FY2016 mainly due to lower petrol expenses, commission, upkeep of motor vehicles and advertising expenses. The lower petrol expenses were mainly due lower petrol price.

Administrative expenses increased by 6.1% to S\$1.92 million in Q2 FY2016 mainly due to increases in manpower cost attributable to higher headcount and depreciation expenses.

Administrative expenses increased by 5.8% to S\$3.89 million in 1H 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 and operating lease expenses.

Depreciation expenses increased by 21.2% to S\$0.75 million in Q2 FY2016 and by 18.9% to S\$1.47 million in 1H FY2016 mainly due to increases in depreciable assets (new advance rubber mixing plant which was commissioned at the end of Q2 FY2015) attributable to the Group's resource recovery segment as compared to Q2 FY2015 and 1H FY2015

Other losses increased by 31.8% to S\$0.24 million in Q2 FY2016 mainly due to higher foreign exchange loss, partially offset by absence of impairment losses on assets held for sale in Q2 FY2016.

Other losses increased by 93.8% to S\$0.54 million in 1H FY2016 mainly due to higher foreign exchange loss, partially offset by absence of impairment losses on assets held for sale (net) of S\$0.15 million in 1H FY2016.

Share of losses from associates and jointly-controlled entity of S\$0.28 million in Q2 FY2016 and S\$0.71 million in 1H 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\$0.64 million in Q2 FY2016 and S\$1.73 million in 1H FY2016 mainly due to lower seasonal revenue, higher foreign exchange loss, share of losses from associates and jointly-controlled entity and higher administrative expenses.

The Group recorded income tax income of S\$0.05 million in Q2 FY2016 and S\$0.16 million in 1H FY2016 as compared to income tax expense of S\$0.19 million in Q2 FY2015 and S\$0.39 million in 1H FY2015, mainly due to deferred tax assets recognised from losses of the Group's resources recovery segment in Q2 FY2016 and 1H FY2016.

As a result of the above factors, the Group recorded a loss of S\$0.59 million in Q2 FY2016 as compared to a profit of S\$0.26 million in Q2 FY2015 and a loss of \$1.57 million in 1H FY2016 as compared to a loss of S\$0.03 million in 1H FY2015.

Statement of Financial Position

The Group's non-current assets decreased by 2.22% or S\$1.07 million to S\$47.0 million as at 30 April 2016.

The Group's property, plant and equipment increased by S\$0.22 million to S\$24.00 million as at 30 April 2016 mainly attributable to the acquisition of plant and equipment of S\$0.60 million and movements in foreign exchange rates gain of S\$1.10 million partially offset by depreciation charges of S\$1.47 million.

Investments in associates and jointly-controlled entity collectively decreased by S\$1.19 million mainly attributable to the Group's share of losses from associates and jointly-controlled entity of S\$0.71 million and the effects of movements in foreign exchange rates loss of S\$0.48 million.

Total non-current and current finance lease receivable decreased from S\$12.57 million as at 31 October 2015 to S\$12.27 million as at 30 April 2016 attributable to billings to and collections from customer. Finance lease receivable 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.

The Group's current assets decreased by S\$2.06 million to S\$38.51 million as at 30 April 2016 mainly due to decreases in trade and other receivables by S\$0.31 million, cash and cash equivalents by S\$1.88 million, inventories by S\$0.16 million and assets held for sale by S\$0.18 million, partially offset with increase in other assets by S\$0.43 million. The decrease in trade and other receivables was mainly attributable to lower revenue recorded in Q2 FY2016 under the Group's resource recovery segment, partially offset by effects of movements in foreign exchange rates gain as at 30 April 2016 as compared with 31 October 2015. The increases in other assets were mainly due prepayments.

The Group's non-current liabilities decreased marginally by S\$1.16 million mainly due to the transfer of loans due within the next 12 months from non-current liabilities to current liabilities partially offset by higher deferred tax liabilities and provision for retirement benefit obligations.

The Group's current liabilities decreased by S\$1.34 million to S\$25.53 million as at 30 April 2016 mainly due to decrease in trade and other payables by S\$0.12 million, loans and borrowings by S\$0.87 million, income tax payable by S\$0.15 million and derivative financial instruments by S\$0.12 million.

The Group's total loans and borrowings decreased by S\$2.14 million mainly due to repayment of loans and borrowings of S\$2.19 million and decrease in bank overdraft of S\$0.69 million, partially offset by effects of movements in foreign exchange rates loss of S\$0.70 million.

Statement of Cash Flow

For the half-year ended 30 April 2016

The Group's cash and cash equivalents decreased by S\$1.32 million in Q2 FY2016 mainly due to net positive cash flow from operating activities of S\$2.09 million, net cash flow used in investing activities of S\$0.66 million and net cash flow used in financing activities of S\$2.75 million.

Cash flow used in investing activities of S\$0.66 million comprised mainly the Group's capital expenditure on property, plant and equipment amounting to S\$0.60 million in Q2 FY2016, loan to a jointly-controlled entity of S\$0.07 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 and renewable energy segment.

Cash flow used in financing activities of S\$2.75 million comprised mainly repayments of loans and borrowings of S\$2.19 million and finance costs of S\$0.58 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 and market uncertainties and foreign currency fluctuations, in particular that of the Malaysian Ringgit.

Renewable Energy segment

The Group expects continuous supply and stable consumption of energy by Gardens by the Bay from its biomass co-generation power plant under the Design, Build and Operate Agreement.

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

The Group plans to sell the assets of Hivern Investments Pte. Ltd. and its subsidiary either on an as-is where-is basis or after enhancing 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 30 April 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 second quarter ended 30 April 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

10 June 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.

*The contact person for the Sponsor is Mr Bernard Lui
Telephone number: (65) 6389 3000
Email address: bernard.lui@morganlewis.com*