

Unaudited Financial Statements for the Third Quarter and Period Ended 31 July 2017

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 FY2017 (\$'000)	Q3 FY2016 (\$'000)	% Change	YTD FY2017 (\$'000)	YTD FY2016 (\$'000)	% Change
Revenue	14,494	13,890	4.3%	37,755	42,680	(11.5%)
Cost of Sales	(11,892)	(11,040)	7.7%	(30,274)	(34,437)	(12.1%)
Gross Profit	2,602	2,850	(8.7%)	7,481	8,243	(9.2%)
<u>Other Items of Income</u>						
Finance Income	14	14	0.0%	44	33	33.3%
Other Gains	202	135	49.6%	456	262	74.0%
<u>Other Items of Expenses</u>						
Marketing and Distribution Expenses	(587)	(709)	(17.2%)	(1,910)	(2,257)	(15.4%)
Administrative Expenses	(2,053)	(1,809)	13.5%	(6,492)	(5,697)	14.0%
Finance Costs	(262)	(288)	(9.0%)	(750)	(879)	(14.7%)
Other Losses	7	81	(91.4%)	(603)	(454)	32.8%
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(166)	(186)	(10.8%)	(845)	(894)	(5.5%)
(Loss)/Profit Before Income Tax	(243)	88	(376.1%)	(2,619)	(1,643)	59.4%
Income Tax Income/(Expense)	60	(102)	(158.8%)	96	57	68.4%
Loss for the Period	(183)	(14)	1,207.1%	(2,523)	(1,586)	59.1%
<u>Other Comprehensive (Loss)/Income</u>						
Exchange Differences on Translating Foreign Operations, Net of Tax	(326)	(993)	(67.2%)	(854)	(159)	437.1%
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(6)	(7)	(14.3%)	1	97	(99.0%)
Total Other Comprehensive Loss for the Period	(332)	(1,000)	(66.8%)	(853)	(62)	1,275.8%
Total Comprehensive Loss for the Period	(515)	(1,014)	(49.2%)	(3,376)	(1,648)	104.9%

	Group					
	Q3 FY2017 (S\$'000)	Q3 FY2016 (S\$'000)	% Change	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)	% Change
(Loss)/Profit for the Period Attributable to:						
Owners of the Company	(154)	(13)	1,084.6%	(2,685)	(1,658)	61.9%
Non-Controlling Interests	(29)	(1)	2,800.0%	162	72	125.0%
Loss for the Period	(183)	(14)	1,207.1%	(2,523)	(1,586)	59.1%
Total Comprehensive (Loss)/Income for the Period Attributable to:						
Owners of the Company	(439)	(1,119)	(60.8%)	(3,378)	(1,916)	76.3%
Non-Controlling Interests	(76)	105	(172.4%)	2	268	(99.3%)
Total Comprehensive Loss for the Period	(515)	(1,014)	(49.2%)	(3,376)	(1,648)	104.9%

"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			
	Q3 FY2017 (S\$'000)	Q3 FY2016 (S\$'000)	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)
Finance Lease Income	312	330	950	1,000
Finance Income – Interest Income	14	14	44	33
Finance Costs	(262)	(288)	(750)	(879)
Depreciation of Property, Plant and Equipment	(835)	(665)	(1,986)	(2,137)
Amortisation of Intangible Assets	(20)	(22)	(61)	(65)
Amortisation of Land Use Rights	(24)	(6)	(64)	(18)
Gain/(Loss) on Disposal of Property, Plant and Equipment	24	(11)	82	(12)
Net Fair Value (Loss)/Gain on Derivative Financial Instruments	(132)	(49)	9	(46)
Foreign Exchange Gain/(Loss), Net	305	156	(263)	(382)
Government Grant Income	2	43	48	143
Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years	(2)	8	28	7
Provision for Retirement Benefit Obligations Expenses, Net	(9)	(12)	(28)	(34)
Amortisation of Deferred Income	2	1	5	6
Allowance for Doubtful Receivables - Reversal	1	8	4	28
Allowance for Inventory Obsolescence – Reversal/(Made)	2	1	(16)	(17)
Amortisation of Deferred Expenses	(4)	-	(14)	-
Equity-Settled Share-Based Expenses	-	-	(85)	-
Loss on Disposal of Other Financial Assets	-	-	(43)	-
Bad Debts Recovered	-	85	-	85

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 2017 (S\$'000)	31 October 2016 (S\$'000)	31 July 2017 (S\$'000)	31 October 2016 (S\$'000)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	24,311	24,963	223	198
Intangible Assets	1,189	1,304	-	-
Land Use Rights	2,457	2,561	-	-
Investments in Subsidiaries	-	-	41,936	42,933
Investments in Associates	3,748	3,826	-	-
Investment in Jointly-Controlled Entity	2,205	2,520	-	-
Other Financial Assets	-	1,057	-	-
Finance Lease Receivable	10,673	11,236	-	-
Other Receivable	-	635	-	-
Other Assets	307	318	-	-
Deferred Tax Assets	252	166	-	-
Total Non-Current Assets	45,142	48,586	42,159	43,131
Current Assets				
Inventories	6,346	7,778	-	-
Income Tax Receivables	383	434	-	-
Trade and Other Receivables	17,968	17,041	6,585	4,587
Finance Lease Receivable	789	724	-	-
Other Assets	1,265	1,067	110	91
Cash and Cash Equivalents	6,151	8,174	527	1,037
Total Current Assets	32,902	35,218	7,222	5,715
Total Assets	78,044	83,804	49,381	48,846
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	48,170	48,035	48,170	48,035
Accumulated Losses	(4,433)	(1,989)	(5,940)	(5,858)
Foreign Currency Translation Reserve	(6,259)	(5,524)	-	-
Other Reserves	2,164	2,172	-	50
Equity Attributable to Owners of the Company	39,642	42,694	42,230	42,227
Non-Controlling Interests	2,161	2,686	-	-
Total Equity	41,803	45,380	42,230	42,227
LIABILITIES				
Non-Current Liabilities				
Provision for Retirement Benefit Obligations	705	688	-	-
Loans and Borrowings	7,099	8,962	402	711
Deferred Tax Liabilities	1,818	2,138	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	14	20	-	-
Total Non-Current Liabilities	9,986	12,158	402	711

	Group		Company	
	31 July 2017 (S\$'000)	31 October 2016 (S\$'000)	31 July 2017 (S\$'000)	31 October 2016 (S\$'000)
Current Liabilities				
Income Tax Payable	241	54	10	14
Trade and Other Payables	12,379	12,548	5,259	4,371
Other Liabilities	759	909	-	-
Derivative Financial Instruments	65	77	-	-
Loans and Borrowings	12,805	12,671	1,480	1,523
Deferred Income	6	7	-	-
Total Current Liabilities	26,255	26,266	6,749	5,908
Total Liabilities	36,241	38,424	7,151	6,619
Total Equity and Liabilities	78,044	83,804	49,381	48,846

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

	Group			
	As at 31 July 2017		As at 31 October 2016	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Amount repayable in one year or less, or on demand	9,421	3,383	7,864	4,807
Amount repayable after one year	6,330	769	8,254	708

Details of any collateral

As at 31 July 2017, secured loans and borrowings comprised:

- Finance lease liabilities of S\$2,005,000 (31 October 2016: S\$2,384,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$8,256,000 (31 October 2016: S\$7,247,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$509,000 (31 October 2016: S\$194,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$4,981,000 (31 October 2016: S\$6,229,000) were secured by an assignment of a supply agreement with a customer and a fixed and floating charge over present and future undertakings, property assets, revenue and rights in relation to the biomass co-generation power plant at Gardens by the Bay (Marina South). The Group's investment in the biomass co-generation power plant is classified as finance lease receivables.
- Loans and borrowings of Nil (31 October 2016: S\$64,000) were secured by an assignment of contracts and contracts proceeds and a floating charge over certain cash balances of a subsidiary placed with a bank.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	Q3 FY2017 (\$'000)	Q3 FY2016 (\$'000)	YTD FY2017 (\$'000)	YTD FY2016 (\$'000)
<u>Cash Flows From Operating Activities</u>				
(Loss)/Profit Before Income Tax	(243)	88	(2,619)	(1,643)
Depreciation of Property, Plant and Equipment	834	665	1,985	2,137
(Gain)/Loss on Disposal of Property, Plant and Equipment	(27)	11	(85)	12
Amortisation of Intangible Assets	20	22	61	65
Amortisation of Land Use Rights	26	6	64	18
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	167	186	845	894
Net Fair Value Loss/(Gain) on Derivative Financial Instruments	133	49	(9)	46
Amortisation of Deferred Expenses	4	-	14	-
Provision for Retirement Benefit Obligations Expenses, Net	9	12	28	34
Amortisation of Deferred Income	(2)	(1)	(5)	(6)
Finance Lease Income	(312)	(330)	(950)	(1,000)
Finance Income	(14)	(14)	(44)	(33)
Finance Costs	261	288	750	879
Equity-Settled Share-Based Expenses	-	-	85	-
Loss on Disposal of Other Financial Assets	-	-	43	-
Amortisation of Deferred Consideration	(4)	-	(4)	-
Operating Cash Flows Before Changes in Working Capital	852	982	159	1,403
Inventories	485	(784)	1,143	(190)
Trade and Other Receivables	(2,515)	515	(501)	1,462
Finance Lease Receivable	170	95	498	396
Other Assets	(41)	134	(204)	(292)
Trade and Other Payables	1,406	127	(242)	38
Other Liabilities	-	3	(150)	(1)
Finance Lease Income Received	312	330	950	1,000
Retirement Benefit Obligations Paid	-	(19)	(6)	(44)
Net Cash Flows From Operations Before Income Tax	669	1,383	1,647	3,772
Income Tax Paid	(80)	(265)	(47)	(563)
Net Cash Flows From Operating Activities	589	1,118	1,600	3,209
<u>Cash Flows From Investing Activities</u>				
Acquisition of Property, Plant and Equipment	(1,078)	(169)	(1,849)	(771)
Proceeds from Disposal of Property, Plant and Equipment	234	-	357	-
(Loan to) /Repayment from a Jointly-Controlled Entity	(465)	65	(703)	(7)
Interest Income Received	14	14	44	33
Acquisition of Subsidiary, Net of Cash	(10)	-	(10)	-
Acquisition of Non-Controlling Interests without Change in Control	-	-	(192)	-
Proceeds from Disposal of Other Financial Assets	-	-	1,014	-
Net Cash Flows Used In Investing Activities	(1,305)	(90)	(1,339)	(745)

	Group			
	Q3 FY2017 (S\$'000)	Q3 FY2016 (S\$'000)	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)
<u>Cash Flows From Financing Activities</u>				
Proceeds from Loans and Borrowings	506	-	1,928	-
Repayments of Loans and Borrowings	(357)	(1,374)	(2,742)	(3,559)
Interest Expenses Paid	(236)	(284)	(718)	(864)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	(247)	(177)	(247)
Decrease in Cash Restricted in Use Over 3 Months ^(a)	(1,065)	(529)	(1,312)	(517)
Net Cash Flows Used In Financing Activities	(1,152)	(2,434)	(3,021)	(5,187)
Net Decrease in Cash and Cash Equivalents	(1,868)	(1,406)	(2,760)	(2,723)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(38)	(74)	(133)	46
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	3,755	4,643	4,742	5,840
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	1,849	3,163	1,849	3,163
Cash and Cash Equivalents in the Statement of Cash Flows				
Cash and Cash Equivalents ^(b)	6,151	6,302	6,151	6,302
Cash Restricted in Use	(2,465)	(1,147)	(2,465)	(1,147)
Bank Overdrafts	(1,837)	(1,992)	(1,837)	(1,992)
Cash and Cash Equivalents At End of Period	1,849	3,163	1,849	3,163

(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\$2,215,000 (31 July 2016: S\$2,040,000).

Non-Cash Transactions

Property, plant and equipment amounting to S\$188,000 (YTD FY2016: S\$44,000) were acquired through finance leases.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital (\$'000)	Accumulated Losses (\$'000)	Foreign Currency Translation Reserve (\$'000)	Other Reserves (\$'000)	Parent Sub – Total (\$'000)	Non- Controlling Interests (\$'000)	Total Equity (\$'000)
Group							
Current Period							
At 1 November 2016	48,035	(1,989)	(5,524)	2,172	42,694	2,686	45,380
Total Comprehensive (Loss)/Income for the Period	-	(2,685)	-	-	(2,685)	162	(2,523)
Other Comprehensive Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(735)	41	(694)	(160)	(854)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	1	1	-	1
Acquisition of Interest in Subsidiary from Non-Controlling Interests With No Change In Control	-	-	-	-	-	(352)	(352)
Negative Goodwill Arising from Acquisition of Interest in a Subsidiary and a Jointly-Controlled Entity from Non-Controlling Interest	-	241	-	-	241	-	241
Issue of Ordinary Shares Under ecoWise Performance Share Plan	135	-	-	(50)	85	-	85
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	-	-	-	(175)	(175)
	135	241	(735)	(8)	(367)	(687)	(1,054)
At 31 July 2017	48,170	(4,433)	(6,259)	2,164	39,642	2,161	41,803
Previous Period							
At 1 November 2015	48,035	(61)	(5,083)	1,964	44,855	2,732	47,587
Total Comprehensive Loss for the Period	-	(1,658)	-	-	(1,658)	72	(1,586)
Other Comprehensive Income							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(400)	45	(355)	196	(159)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	97	97	-	97
Dividends Paid to Non-Controlling Interest of Subsidiary	-	-	-	-	-	(247)	(247)
Bonus Shares Issued by Subsidiary	-	(39)	-	39	-	-	-
	-	(39)	(400)	181	(258)	(51)	(309)
At 31 July 2016	48,035	(1,758)	(5,483)	2,145	42,939	2,753	45,692

	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 2016	48,035	(5,858)	50	42,227
Total Comprehensive Loss for the Period	-	(82)	-	(82)
Issue of Ordinary Shares Under ecoWise Performance Share Plan	135	-	(50)	85
At 31 July 2017	48,170	(5,940)	-	42,230
<u>Previous Period</u>				
At 1 November 2015	48,035	(5,744)	-	42,291
Total Comprehensive Loss for the Period	-	(6)	-	(6)
At 31 July 2016	48,035	(5,750)	-	42,285

- 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 2016	952,983,029	48,035
Issue of Ordinary Shares under ecoWise Performance Share Plan	4,500,000	135
At 31 July 2017	957,483,029	48,170

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

As at 31 July 2017, the number of outstanding share awards under the ecoWise Performance Share Plan was nil (31 July 2016: 4,500,000 shares).

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

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

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

There were no treasury shares held by the Company as at 31 July 2017.

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

These financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

Except for the adoption of the new and revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are effective for the period beginning on 1 November 2016 (see item 5), the Group and the Company have applied the same accounting policies and methods of computation and new and revised in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 October 2016.

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

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

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

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

	Group			
	Q3 FY2017 (cents)	Q3 FY2016 (cents)	YTD FY2017 (cents)	YTD FY2016 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.016)	(0.001)	(0.281)	(0.174)
(ii) On a fully diluted basis	(0.016)	(0.001)	(0.281)	(0.173)

Earnings per share for the quarter ended 31 July 2017

Basic earnings per share for Q3 FY2017 is calculated based on the loss attributable to owners of the Company of S\$154,000 (Q3 FY2016: loss attributable to owners of the Company of S\$13,000) and on 957,483,029 (Q3 FY2016: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q3 FY2017 is calculated based on 957,483,029 (Q3 FY2016: 957,483,029) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

Earnings per share for the nine month ended 31 July 2017

Basic earnings per share for YTD FY2017 is calculated based on the loss attributable to owners of the Company of S\$2,685,000 (YTD FY2016: loss attributable to owners of the Company of S\$1,658,000) and on 957,483,029 (YTD FY2016: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for YTD FY2017 is calculated based on 957,483,029 (YTD FY2016: 957,483,029) weighted average number of ordinary shares in issue during the period.

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

	Group		Company	
	31 July 2017 (cents)	31 October 2016 (cents)	31 July 2017 (cents)	31 October 2016 (cents)
Net asset value per ordinary share at end of period/year	4.14	4.48	4.41	4.43

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$39,642,000 (31 October 2016: S\$42,694,000) and 957,483,029 (31 October 2016: 952,983,029) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$42,230,000 (31 October 2016: S\$42,227,000) and 957,483,029 (31 October 2016: 952,983,029) ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

	Group					
	Q3 FY2017 (S\$'000)	Q3 FY2016 (S\$'000)	% Change	YTD FY2017 (S\$'000)	YTD FY2016 (S\$'000)	% Change
Revenue						
Renewable Energy Segment	2,810	2,559	9.8%	8,093	7,266	11.4%
Resource Recovery Segment	10,750	11,133	(3.4%)	28,430	34,725	(18.1%)
Integrated Environmental Management Solutions Segment	934	198	371.7%	1,232	689	78.8%
Total	14,494	13,890	4.3%	37,755	42,680	(11.5%)

The Group's revenue for the third quarter ended 31 July 2017 ("Q3 FY2017") of S\$14.49 million was S\$0.60 million or 4.3% higher as compared to the corresponding period of last financial year ("Q3 FY2016"). The Group's revenue for the nine months ended 31 July 2017 ("YTD FY2017") of S\$37.76 million was S\$4.93 million or 11.5% lower as compared to the corresponding period of last financial year ("YTD FY2016").

Q3 FY2017 revenue increased by 4.3% mainly due to higher revenue recorded by the Group's renewable energy segment and integrated environmental management solutions segment attributable to increase in ISO tank heating for recurring clients, increase in electrical and heat energy consumed by Gardens by the Bay and increase in revenue from technical support services rendered.

YTD FY2017 revenue decreased by 11.5% mainly due to lower revenue recorded by the Group's resource recovery segment. There was a decrease in sales recorded by the Group's rubber compounds and retreaded tyres business under Sunrich Resources Sdn. Bhd. and its subsidiaries ("SRR Group") in YTD FY2017 as compared to YTD FY2016. The negative foreign exchange translation effect caused by the weaker Malaysian Ringgit in YTD FY2017 as compared to YTD FY2016 further contributed to the decrease in revenue. There was also a decrease in the Group's resource recovery segment attributable to decrease in tipping fees from collection of tree and wood waste and lower revenue from sale of other materials in YTD FY2017 as compared to YTD FY2016.

The Group's gross profit margin of 18.0% for Q3 FY2017 was lower compared to 20.5% in Q3 FY2016 mainly due to higher direct cost from Group's resource recovery segment from the sale of rubber compounds, retreaded tyres and other materials.

The Group's gross profit margin of 19.8% for YTD FY2017 was slightly higher compared to 19.3% in YTD FY2016 mainly due to lower direct cost incurred from the Group's resource recovery segment in the purchased of rubber compounds and retreaded tyres.

The Group's gross profit of S\$2.60 million in Q3 FY2017 and S\$7.48 million in YTD FY2017 were lower as compared to S\$2.85 million in Q3 FY2016 and S\$8.24 million in YTD FY2016. This was mainly attributed to the decrease in sales from the Group's resource recovery segment due to decline in the sale of retreaded tyres and rubber compounds with lower gross profit margin under the SRR Group, foreign translation effect caused by the weaker Malaysian Ringgit and decrease in tipping fees from collection of tree and wood waste, partially offset by increased revenue from the renewable energy segment and integrated environmental management solutions segment which have a higher gross profit margin.

Other gains increased by S\$0.07 million to S\$0.20 million in Q3 FY2017 mainly due to increase in gain on disposal of fixed assets of S\$0.04 million, lower foreign exchange loss of S\$0.15 million as compared with Q3 FY2016 partially offset by decrease in government grant income of S\$0.04 million and absence of bad debts recovered of S\$0.08 million in Q3 FY2017. Other gains increased by S\$0.19 million to S\$0.46 million in YTD FY2017 mainly due to increase in gain on disposal of fixed assets of S\$0.08 million, lower foreign exchange loss of S\$0.30 million as compared with YTD FY 2016 partially offset by decrease in government grant income of S\$0.10 million and absence of bad debts recovered of S\$0.09 million in YTD FY2017.

Marketing and distribution expenses decreased by 17.2% to S\$0.59 million in Q3 FY2017 mainly due to lower advertising and marketing expenses, sales commission, entertainment, accommodation and travelling expenses in line with the lower revenue. Marketing and distribution expenses decreased by 15.4% to S\$1.91 million in YTD FY2017 mainly due to lower advertising and marketing expenses, sales commission, motor vehicle depreciation expenses, entertainment, accommodation and travelling expenses in line with the lower revenue.

Administrative expenses increased by 13.5% to S\$2.05 million in Q3 FY2017 mainly due to increase in manpower cost attributed to higher headcount, entertainment expenses, professional and legal fees, partially offset by lower directors' remuneration and tax agent fees. Administrative expenses increased by 14.0% to S\$6.49 million in YTD FY2017 mainly due to increase in manpower cost attributable to higher headcount, entertainment expenses, defined contribution plans, professional and legal fees, travelling, transport and accommodation expenses, upkeep of plant and equipment, equity-settled share-based expenses, partially offset by lower fees paid on land use rights, upkeep of office equipment and lower directors' remuneration.

Depreciation expenses increased by 25.6% to S\$0.84 million in Q3 FY2017 mainly due to additional depreciation charged from a newly acquired subsidiary. Depreciation expenses decreased by 7.1% to S\$1.99 million in YTD FY2017 mainly due to the change of depreciation calculation for the reinstatement cost and plant and equipment as a result of the lease extension in Sungei Kadut in Q4 FY2016 and some of the plants and machineries are fully depreciated.

Other losses increased by 32.8% to S\$0.60 million in YTD FY2017 mainly due to higher foreign exchange loss partially offset by the gain from a derivative financial instrument.

Share of losses from associates and jointly-controlled entity of S\$0.17 million in Q3 FY2017 and S\$0.85 million in YTD FY2017 were 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\$0.24 million in Q3 FY2017 and S\$2.62 million in YTD FY2017 mainly due to lower revenue, increase in cost of sales, share of losses from associates and jointly-controlled entity and higher administrative expenses.

The Group recorded income tax income of S\$0.06 million in Q3 FY2017 and S\$0.10 million in YTD FY2017 as compared to income tax expense of S\$0.10 million in Q3 FY2016 and income tax income of S\$0.06 million in YTD FY2016, mainly due to deferred tax assets recognised from losses of the Group's resources recovery segment in YTD FY2017.

As a result of the above factors, the Group recorded a loss of S\$0.18 million in Q3 FY2017 as compared to a loss of S\$0.01 million in Q3 FY2016 and a loss of \$2.52 million in YTD FY2017 as compared to a loss of S\$1.59 million in YTD FY2016.

Statement of Financial Position

The Group's non-current assets decreased by 7.1% or S\$3.44 million to S\$45.14 million as at 31 July 2017.

The Group's property, plant and equipment decreased by S\$0.65 million to S\$24.31 million as at 31 July 2017 mainly attributable to the disposal of plant and equipment of S\$0.28 million, effects of movements in foreign exchange rates of S\$0.82 million and depreciation charges of S\$1.99 million, partially offset by reclassification of new plant and equipment of S\$1.85 million and additional plant and equipment of S\$0.59 million from newly acquired subsidiary.

Investments in associates and jointly-controlled entity decreased by S\$0.39 million, collectively, mainly due to the Group's share of losses from associates and jointly-controlled entity of S\$0.45 million, effects of movements in foreign exchange rates losses of S\$0.38 million and partially offset by an associate of S\$0.44 million which was fully acquired during the year.

Finance lease receivables relate to the Group's investment in biomass co-generation power plant at Gardens by the Bay which is accounted for as a finance lease. Total non-current and current finance lease receivables decreased from S\$11.96 million as at 31 October 2016 to S\$11.46 million as at 31 July 2017 attributable to billings to, and collections from, the customer.

The Group's current assets decreased by S\$2.32 million to S\$32.90 million as at 31 July 2017 mainly due to decrease in inventories by S\$1.43 million, income tax receivables by S\$0.05 million and cash and cash equivalents by S\$2.02 million, partially offset by increase in trade and other receivables of S\$0.93 million, attributable to lower collections from customers, finance lease receivables S\$0.07 million and other assets of S\$0.20 million. The decrease in inventories were mainly attributable to SRR Group clearing old and slow moving inventories and reducing its purchase of inventories.

The Group's non-current liabilities decreased by S\$2.17 million mainly due to repayment of loans and borrowings and reduced deferred tax liabilities.

The Group's current liabilities decreased marginally by S\$0.01 million to S\$26.26 million as at 31 July 2017 mainly due to decrease in trade and other payables of S\$0.17 million, other liabilities of S\$0.15 million, derivative financial instruments of S\$0.01 million partially offset by increase in loans and borrowings of S\$0.13 million and income tax payable of S\$0.19 million.

The Group's total loans and borrowings decreased by S\$1.73 million mainly due to repayment of loans and borrowings of S\$2.27 million, decrease in bank overdraft of S\$0.41 million, finance lease liabilities of S\$0.29 million, effects of movements in foreign exchange rates of S\$0.46 million, partially offset by proceeds from loans and borrowings of S\$1.70 million.

Statement of Cash Flow

For the nine months ended 31 July 2017

The Group's cash and cash equivalents decreased by S\$2.76 million in YTD FY2017 due to net positive cash flows from operating activities of S\$1.60 million (YTD FY2016: S\$3.21 million), net cash flows used in investing activities of S\$1.34 million and net cash flows used in financing activities of S\$3.02 million.

Net cash flows from operating activities for Q3 FY2017 was S\$0.59 million compared to corresponding period Q3 FY2016 of S\$1.12 million, is mainly attributable to increase in loss before income tax of S\$0.33 million, decrease in inventories of S\$1.27 million, trade and other payables of S\$1.28 million and finance lease receivables of S\$0.08 million, partially offset by increase in trade and other receivables of S\$3.03 million and other assets of S\$0.18 million. The decrease in inventories were due to the clearing of old inventories and reduced purchases, the decrease in trade and other payables were due to prompt payment to suppliers and the increase in trade and other receivables were due to lower collections from customers by the Group in Q3 FY2017 as compared to Q3 FY2016.

Net cash flows from operating activities of S\$1.60 million in YTD FY 2017 lower than YTD FY2016 of S\$3.21 million, is mainly attributable to increase in loss before income tax of S\$0.98 million, decrease in inventories of S\$1.33 million, finance lease receivables of S\$0.10 million, decrease in other assets of S\$ 0.09 million partially offset by increase in trade and other receivables of S\$1.96 million, finance lease income received of S\$0.05 million, trade and other payables of S\$0.28 million, and increase in other liabilities of S\$0.15 million. The increase in trade and other receivables was due to lower collections and decrease in orders from customers as compared to YTD FY2016. The decrease in inventories was due to the reduction in inventories holding period and the increase in trade and other payables due to prompt payment to suppliers by the Group in YTD FY2017 compared to YTD FY2016.

Net cash flows used in investing activities of S\$1.34 million for YTD FY2017 comprised mainly of the Group's capital expenditures on property, plant and equipment of S\$1.85 million, loan to a jointly-controlled entity of S\$0.70 million, acquisition of a subsidiary of S\$0.01 million and acquisition of non-controlling interest without a change in control of S\$0.19 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.36 million, proceeds from disposal of other financial assets (Chongqing Zhongtian Electronic Waste Management Co., Ltd) of S\$1.01 million and interest income received of S\$0.04 million.

Net cash flows used in financing activities of S\$3.02 million for YTD FY2017 comprised mainly of repayments of loans and borrowings of S\$2.74 million, finance costs of S\$0.72 million, increase in cash restricted in use of S\$1.31 million and dividends paid to non-controlling interest of subsidiaries of S\$0.18 million partially offset by proceeds from loan and borrowings of S\$1.92 million

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

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

All segments

The Group is rationalising and reorganising its businesses so as to achieve higher levels of efficiency, economies of scale and effectiveness.

Resource Recovery segment

The Group's rubber compound, new and retreaded tyres business under SRR Group continues to face challenging market conditions due to economic and market uncertainties of both raw 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 and heating of ISO tankers businesses from the Group's biomass co-generation power plant at Sungei Kadut are expected to remain stable.

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

11. **Dividend**

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

Any dividend declared for the current financial period reported on?

None.

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

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

None.

(c) **Date payable**

None.

(d) **Books closure date**

None.

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

No dividend has been declared or recommended for the quarter ended 31 July 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general IPT mandate.

14. Confirmation by the Board pursuant to rule 705 (5) of the listing manual

On behalf of the Board of Directors of the Company, the undersigned, hereby confirm to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter ended 31 July 2017 to be false or misleading in any material aspect.

15. Confirmation pursuant to rule 720 (1) of the listing manual

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

BY ORDER OF THE BOARD

Lee Thiam Seng
Director

14 September 2017

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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