



ECOWISE HOLDINGS LIMITED  
Company Registration No. 200209835C

Unaudited Financial Statements for the First Quarter Ended 31 January 2017

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 FY2017 (S\$'000)	Q1 FY2016 (S\$'000)	% Change
<b>Revenue</b>	11,984	13,982	(14.3%)
Cost of Sales	(9,539)	(11,304)	(15.6%)
<b>Gross Profit</b>	2,445	2,678	(8.7%)
<b><u>Other Items of Income</u></b>			
Finance Income	15	16	(6.3%)
Other Gains	48	8	500.0%
<b><u>Other Items of Expenses</u></b>			
Marketing and Distribution Expenses	(673)	(794)	(15.2%)
Administrative Expenses	(2,130)	(1,970)	8.1%
Finance Costs	(234)	(303)	(22.8%)
Other Losses	(133)	(299)	(55.5%)
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(558)	(430)	29.8%
<b>Loss Before Income Tax</b>	(1,220)	(1,094)	11.5%
Income Tax Income	133	113	17.7%
<b>Loss for the Period</b>	(1,087)	(981)	10.8%
<b><u>Other Comprehensive (Loss)/Income</u></b>			
<u>Items that may be Reclassified Subsequently to Profit or Loss:</u>			
Exchange Differences on Translating Foreign Operations, Net of Tax	(454)	1,427	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	7	143	(95.1%)
<b>Total Other Comprehensive (Loss)/Income for the Period</b>	(447)	1,570	n/m
<b>Total Comprehensive (Loss)/Income for the Period</b>	(1,534)	589	n/m
<b>Loss for the Period Attributable to:</b>			
Owners of the Company	(1,109)	(991)	11.9%
Non-Controlling Interests	22	10	120.0%
<b>Loss for the Period</b>	(1,087)	(981)	10.8%
<b>Total Comprehensive (Loss)/Income for the Period Attributable to:</b>			
Owners of the Company	(1,419)	310	n/m
Non-Controlling Interests	(115)	279	n/m
<b>Total Comprehensive (Loss)/Income for the Period</b>	(1,534)	589	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 FY2017 (S\$'000)	Q1 FY2016 (S\$'000)
Finance Lease Income	321	336
Finance Income		
– Interest Income	15	16
Finance Costs	(234)	(303)
Depreciation of Property, Plant and Equipment	(630)	(722)
Amortisation of Intangible Assets	(20)	(21)
Amortisation of Land Use Rights	(17)	(6)
Gain on Disposal of Property, Plant and Equipment	43	-
Net Fair Value (Loss)/Gain on Derivative Financial Instruments	(21)	9
Foreign Exchange Loss, Net	(112)	(290)
Adjustments for Over Provision for Taxation in Respect of Prior Years	27	-
Provision for Retirement Benefit Obligations Expenses, Net	(9)	(11)
Amortisation of Deferred Income	2	3
Allowance for Doubtful Receivables -Reversed	2	4
Allowance for Inventory Obsolescence -Made	(9)	(11)
Amortisation of Deferred Expenses	(5)	-

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 2017 (S\$'000)	31 October 2016 (S\$'000)	31 January 2017 (S\$'000)	31 October 2016 (S\$'000)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	24,092	24,963	176	198
Intangible Assets	1,242	1,304	-	-
Land Use Rights	2,550	2,561	-	-
Investments in Subsidiaries	-	-	41,937	42,933
Investments in Associates	3,498	3,826	-	-
Investment in Jointly-Controlled Entity	2,456	2,520	-	-
Other Financial Assets	1,057	1,057	-	-
Finance Lease Receivables	11,053	11,236	-	-
Other Receivable	635	635	-	-
Other Assets	318	318	-	-
Deferred Tax Assets	241	166	-	-
<b>Total Non-Current Assets</b>	<b>47,142</b>	<b>48,586</b>	<b>42,113</b>	<b>43,131</b>
<b>Current Assets</b>				
Inventories	6,587	7,778	-	-
Income Tax Receivables	386	434	-	-
Trade and Other Receivables	16,238	17,041	5,796	4,587
Finance Lease Receivables	745	724	-	-
Other Assets	1,172	1,067	127	91
Cash and Cash Equivalents	6,919	8,174	450	1,037
<b>Total Current Assets</b>	<b>32,047</b>	<b>35,218</b>	<b>6,373</b>	<b>5,715</b>
<b>Total Assets</b>	<b>79,189</b>	<b>83,804</b>	<b>48,486</b>	<b>48,846</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	48,035	48,035	48,035	48,035
Accumulated Losses	(2,973)	(1,989)	(5,910)	(5,858)
Foreign Currency Translation Reserve	(5,769)	(5,524)	-	-
Other Reserves	2,107	2,172	50	50
<b>Equity Attributable to Owners of the Company</b>	<b>41,400</b>	<b>42,694</b>	<b>42,175</b>	<b>42,227</b>
Non-Controlling Interests	2,226	2,686	-	-
<b>Total Equity</b>	<b>43,626</b>	<b>45,380</b>	<b>42,175</b>	<b>42,227</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Provision for Retirement Benefit Obligations	678	688	-	-
Loans and Borrowings	8,593	8,962	583	711
Deferred Tax Liabilities	2,003	2,138	-	-
Provision for Reinstatement Cost	350	350	-	-
Deferred Income	18	20	-	-
<b>Total Non-Current Liabilities</b>	<b>11,642</b>	<b>12,158</b>	<b>583</b>	<b>711</b>

	Group		Company	
	31 January 2017 (S\$'000)	31 October 2016 (S\$'000)	31 January 2017 (S\$'000)	31 October 2016 (S\$'000)
<b>Current Liabilities</b>				
Income Tax Payable	182	54	5	14
Trade and Other Payables	11,822	12,548	4,202	4,371
Other Liabilities	904	909	-	-
Derivative Financial Instruments	90	77	-	-
Loans and Borrowings	10,916	12,671	1,521	1,523
Deferred Income	7	7	-	-
<b>Total Current Liabilities</b>	<b>23,921</b>	<b>26,266</b>	<b>5,728</b>	<b>5,908</b>
<b>Total Liabilities</b>	<b>35,563</b>	<b>38,424</b>	<b>6,311</b>	<b>6,619</b>
<b>Total Equity and Liabilities</b>	<b>79,189</b>	<b>83,804</b>	<b>48,486</b>	<b>48,846</b>

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

	Group			
	As at 31 January 2017		As at 31 October 2016	
	Secured	Unsecured	Secured	Unsecured
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Amount repayable in one year or less, or on demand</b>	8,043	2,873	7,864	4,807
<b>Amount repayable after one year</b>	7,478	1,115	8,254	708

**Details of any collateral**

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

- Finance lease liabilities of S\$2,156,000 (31 October 2016: S\$2,384,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$7,385,000 (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\$168,000 (31 October 2016: S\$194,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$5,812,000 (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 S\$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	
	Q1 FY2017 (S\$'000)	Q1 FY2016 (S\$'000)
<b><u>Cash Flows From Operating Activities</u></b>		
Loss Before Income Tax	(1,220)	(1,094)
Depreciation of Property, Plant and Equipment	630	722
Gain on Disposal of Property, Plant and Equipment	(43)	-
Amortisation of Intangible Assets	20	21
Amortisation of Land Use Rights	17	6
Share of Results from Associates and Jointly- Controlled Entity, Net of Tax	558	430
Net Fair Value Loss/(Gain) on Derivative Financial Instruments	21	(9)
Amortisation of Deferred Expenses	5	-
Provision for Retirement Benefit Obligations Expenses, Net	9	11
Amortisation of Deferred Income	(2)	(3)
Finance Lease Income	(321)	(336)
Finance Income	(15)	(16)
Finance Costs	234	303
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>(107)</b>	<b>35</b>
Inventories	966	566
Trade and Other Receivables	618	2,197
Finance Lease Receivables	162	146
Other Assets	(109)	(218)
Trade and Other Payables	(546)	(1,364)
Other Liabilities	(5)	(2)
Finance Lease Income Received	321	336
Retirement Benefit Obligations Paid	(4)	-
<b>Net Cash Flows From Operations Before Income Tax</b>	<b>1,296</b>	<b>1,696</b>
Income Tax Received/(Paid)	101	(125)
<b>Net Cash Flows From Operating Activities</b>	<b>1,397</b>	<b>1,571</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Acquisition of Property, Plant and Equipment	(414)	(263)
Proceeds from Disposal of Property, Plant and Equipment	108	-
Loan to a Jointly-Controlled Entity	(85)	(577)
Acquisition of Non-Controlling Interest without Change in Control	(192)	-
Interest Income Received	15	16
<b>Net Cash Flows Used In Investing Activities</b>	<b>(568)</b>	<b>(824)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Proceeds from Loans and Borrowings	1,422	-
Repayments of Loans and Borrowings	(1,616)	(2,003)
Interest Expenses Paid	(225)	(285)
Increase in Cash Restricted in Use Over 3 Months <sup>(a)</sup>	11	13
<b>Net Cash Flows Used In Financing Activities</b>	<b>(408)</b>	<b>(2,275)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>421</b>	<b>(1,528)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(101)	114
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	4,742	5,840
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>5,062</b>	<b>4,426</b>

	Group	
	Q1 FY2017 (S\$'000)	Q1 FY2016 (S\$'000)
<b>Cash and Cash Equivalents in the Statement of Cash Flows</b>		
Cash and Cash Equivalents <sup>(b)</sup>	6,919	5,975
Cash Restricted in Use	(1,142)	(617)
Bank Overdrafts	(715)	(932)
<b>Cash and Cash Equivalents At End of Period</b>	<b>5,062</b>	<b>4,426</b>

(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\$2,334,000 (31 January 2016: S\$1,633,000).

#### **Non-Cash Transactions**

Property, plant and equipment amounting to S\$Nil (Q1 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)
<b>Group</b>							
<b>Current Period</b>							
<b>At 1 November 2016</b>	48,035	(1,989)	(5,524)	2,172	42,694	2,686	45,380
<b>Total Comprehensive Loss</b>							
Loss for the Period	-	(1,109)	-	-	(1,109)	22	(1,087)
<b>Movements in Equity</b>							
Exchange Differences on Translating Foreign Operations, Net of Tax	-	-	(245)	(72)	(317)	(137)	(454)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	-	-	-	7	7	-	7
Acquisition of Interest in Subsidiary from Non-Controlling Interests With No Change In Control	-	-	-	-	-	(345)	(345)
Negative Goodwill Arising from Acquisition of Interest in Subsidiary from Non-Controlling Interest	-	125	-	-	125	-	125
	-	125	(245)	(65)	(185)	(482)	(667)
<b>At 31 January 2017</b>	48,035	(2,973)	(5,769)	2,107	41,400	2,226	43,626
<b>Previous Period</b>							
<b>At 1 November 2015</b>	48,035	(61)	(5,083)	1,964	44,855	2,732	47,587
<b>Total Comprehensive Loss</b>							
Loss for the Period	-	(991)	-	-	(991)	10	(981)
<b>Movements in Equity</b>							
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
Issue of Ordinary Shares under ecoWise Performance Share Plan	-	(2)	-	-	(2)	2	-
	-	(2)	1,033	268	1,299	271	1,570
<b>At 31 January 2016</b>	48,035	(1,054)	(4,050)	2,232	45,163	3,013	48,176



	Share Capital (S\$'000)	Accumulated Losses (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<b><u>Company</u></b>				
<b><u>Current Period</u></b>				
At 1 November 2016	48,035	(5,858)	50	42,227
Total Comprehensive Loss for the Period	-	(52)	-	(52)
At 31 January 2017	48,035	(5,910)	50	42,175
<b><u>Previous Period</u></b>				
At 1 November 2015	48,035	(5,744)	-	42,291
Total Comprehensive Income for the Period	-	115	-	115
At 31 January 2016	48,035	(5,629)	-	42,406

- 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 and 31 January 2017	<u>952,983,029</u>	<u>48,035</u>

As at 31 January 2017, the number of outstanding share awards under ecoWise Performance Share Plan was 4,500,000 shares (31 January 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 952,983,029 ordinary shares as at 31 January 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 January 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.**

The Group and the Company have applied the same accounting policies and methods of computation and 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) 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 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 for the period attributable to owners of the Company:

	Group	
	Q1 FY2017 (cents)	Q1 FY2016 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.116)	(0.104)
(ii) On a fully diluted basis	(0.116)	(0.104)

**Earnings per share for the quarter ended 31 January 2017**

Basic earnings per share for Q1 FY2017 is calculated based on the loss attributable to owners of the Company of S\$1,109,000 (Q1 FY2016: S\$991,000) and on 952,983,029 (Q1 FY2016: 952,983,029) weighted average number of ordinary shares in issue during the period.

Fully diluted earnings per share for Q1 FY2017 is calculated based on 957,483,029 (Q1 FY2016: 957,483,029) 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 2017 (cents)	31 October 2016 (cents)	31 January 2017 (cents)	31 October 2016 (cents)
Net asset value per ordinary share at end of period/year	4.34	4.48	4.43	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\$41,400,000 (31 October 2016: S\$42,694,000) and 952,983,029 (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\$42,175,000 (31 October 2016: S\$42,227,000) and 952,983,029 (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		
	Q1 FY2017 (S\$'000)	Q1 FY2016 (S\$'000)	% Change
<b>Revenue</b>			
Renewable Energy Segment	2,499	2,465	1.4%
Resource Recovery Segment	9,451	11,399	(17.1%)
Integrated Environmental Management Solutions Segment	34	118	(71.2%)
<b>Total</b>	<b>11,984</b>	<b>13,982</b>	<b>(14.3%)</b>

The Group's revenue for the first quarter ended 31 January 2017 ("Q1 FY2017") of S\$11.98 million was S\$2.00 million or 14.3% lower as compared to the corresponding period of last financial period ("Q1 FY2016").

The decline in revenue was due to lower revenue recorded by the Group's resource recovery segment and the foreign exchange translation effect. The sales recorded by the Group's rubber compounds and retreaded tyres businesses under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") had decreased due to lower sales volume in Q1 FY2017 as compared to Q1 FY2016. There was also decrease in Group's resource recovery segment attributable to lower volume for other materials in Q1 FY2017 compared to Q1 FY2016.

The Group's gross profit of S\$2.45 million in Q1 FY2017 were lower as compared to S\$2.68 million in Q1 FY2016 mainly due to lower revenue from Group's resource recovery segment from the sale of rubber compounds, retread tyres and other materials.

Other gains of S\$0.05 million in Q1 FY2017, increased by S\$0.04 million as compared to Q1 FY2016 mainly due to gain on disposal of property, plant and equipment.

Marketing and distribution expenses decreased by 15.2% to S\$0.67 million in Q1 FY2017 mainly due to lower advertising and marketing expenses, sales commission, depreciation expenses, travelling expenses and upkeep of motor vehicles.

Administrative expenses increased by 8.1% to S\$2.13 million in Q1 FY2017 mainly due to increased in manpower cost attributable to higher headcount, professional and legal fees, upkeep of plant and equipment and travelling expenses partially offset by lower directors remuneration, waiver of taxes for land use right tax and property tax from China authority and the absence of penalty charges for the one off land use right tax and property tax .

Depreciation expenses decreased by 12.7% to S\$0.63 million in Q1 FY2017 is mainly due to overall lower depreciable assets attributable to the Group's renewable energy segment 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.

Other losses decreased by 55.5% to S\$0.13 million in Q1 FY2017 mainly due to lower foreign exchange loss of S\$0.18 million, partially offset by higher fair value loss on derivative financial instrument of S\$0.01 million.

Share of losses from associates and jointly-controlled entity comprised the Group's share of losses of S\$0.56 million in Q1 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\$1.22 million in Q1 FY2017 mainly due to lower revenue and higher administrative expenses

The Group recorded income tax income of S\$0.13 million in Q1 FY2017 as compared to Q1 FY2016 recorded income tax income of S\$0.11 million, mainly due to deferred tax assets recognised from losses of the Group's resources recovery segment in Q1 FY2017.

As a result of the above factors, the Group recorded a loss of S\$1.09 million in Q1 FY2017 as compared to loss of S\$0.98 million in Q1 FY2016.

## **Statement of Financial Position**

The Group's non-current assets decreased by 3.0% or S\$1.44 million to S\$47.14 million as at 31 January 2017.

The Group's property, plant and equipment decreased by S\$0.87 million to S\$24.09 million as at 31 January 2017 mainly attributed to the disposal of plant and equipment of S\$0.06 million, effects of movements in foreign exchange rates of S\$0.59 million and depreciation charges of S\$0.63 million, partially offset by acquisition of new plant and equipment of S\$0.41 million.

Investments in associates and jointly-controlled entity decreased by S\$0.39 million collectively, mainly attributed to the Group's share of losses from associates and jointly-controlled entity of S\$0.56 million and partially offset by effects of movements in foreign exchange rate gain of S\$0.17 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\$11.96 million as at 31 October 2016 to S\$11.80 million as at 31 January 2017 attributed to billings to and collections from the customer.

The Group's current assets decreased by S\$3.17 million to S\$32.05 million as at 31 January 2017 mainly due to decreased in inventories by S\$1.19 million, trade and other receivables by S\$0.80 million, income tax receivables by S\$0.05 million and cash and cash equivalents by S\$1.26 million, partially offset with increased in other assets by S\$0.11 million. The decreased in inventories was mainly attributable to SRR Group cleared old and slow moving stock and decreased in purchase of inventories as at 31 January 2017 and the decreased in trade and other receivables was mainly attributable to lower revenue recorded under Group's resource recovery segment and higher collections from customers.

The Group's non-current liabilities decreased marginally by S\$0.52 million mainly due to prepayment of loans and borrowings and reduced deferred tax liabilities.

The Group's current liabilities had decreased by S\$2.35 million to S\$23.92 million as at 31 January 2017 mainly due to decrease in trade and other payables by S\$0.73 million, loans and borrowings by S\$1.76 million, partially offset by income tax payable by S\$0.13 million and derivative financial instruments by S\$0.01 million.

The Group's total loans and borrowings decreased by S\$2.12 million mainly due to repayment loans and borrowings of S\$1.61 million and decreased in bank overdraft of S\$1.56 million and effects of movements in foreign exchange rates of S\$0.37 million, partially offset by proceeds from loans and borrowings of S\$1.42 million.

## **Statement of Cash Flow**

### **For the quarter ended 31 January 2017**

The Group's cash and cash equivalents increased by S\$0.42 million in Q1 FY2017 mainly due to net positive cash flows from operating activities of S\$1.40 million, net cash flows used in investing activities of S\$0.57 million and net cash flows used in financing activities of S\$0.41 million.

Net cash flows from operating activities for Q1 FY2017 was S\$1.40 million, lower compared to corresponding period Q1 FY2016, mainly attributable to decreased in trade and other receivables of S\$1.58 million, partially offset by increased in inventories of S\$0.40 million and decreased in trade and other payables of S\$0.82 million. The decreased in trade and other receivables was due to lower collections from debtors compared to Q1 FY2016. The increased in inventories was due to the reduction in inventory holding period and the decreased in trade and other payables due to lower purchases by the Group in Q1 FY2017 compared to Q1 FY2016.

Cash flows used in investing activities of S\$0.57 million comprised mainly the Group's capital expenditure on property, plant and equipment of S\$0.41 million, loan to a jointly-controlled entity of S\$0.09 million and acquisition of non-controlling interest without change in control S\$0.19 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.11 million and interest income received from finance lease receivable amounted to S\$0.01 million.

Cash flows used in financing activities of S\$0.41 million comprised mainly repayments of loans and borrowings of S\$1.61 million, finance costs of S\$0.23 million, partially offset by increased in cash restricted in use of S\$0.01 million and proceeds from loan and borrowings of S\$1.42 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, new and retreaded tyres business under SRIT Group continues to face challenging market conditions due to economic and market uncertainties of both raw material and product 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 January 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, 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 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**

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**Lee Thiam Seng**  
**Director**

**17 March 2017**

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*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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