



ECOWISE HOLDINGS LIMITED  
Company Registration No. 200209835C

Unaudited Financial Statements And Dividend Announcement for the First Quarter Ended 31 January 2015

**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 FY2015 (S\$'000)	Q1 FY2014 (S\$'000)	% Change
<b>Revenue</b>	15,450	17,579	(12.1%)
Cost of Sales	(12,437)	(13,915)	(10.6%)
<b>Gross Profit</b>	3,013	3,664	(17.8%)
<b><u>Other Items of Income</u></b>			
Finance Income	17	17	0.0%
Other Gains	156	463	(66.3%)
<b><u>Other Items of Expenses</u></b>			
Marketing and Distribution Expenses	(869)	(915)	(5.0%)
Administrative Expenses	(1,867)	(2,298)	(18.8%)
Finance Costs	(289)	(270)	7.0%
Other Losses	(97)	(137)	(29.2%)
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	(167)	(213)	(21.6%)
<b>(Loss)/Profit Before Income Tax</b>	(103)	311	n/m
Income Tax Expense	(196)	(170)	15.3%
<b>(Loss)/Profit for the Period</b>	(299)	141	n/m
<b><u>Other Comprehensive (Loss)/Income</u></b>			
<b>Items that may be Reclassified Subsequently to Profit or Loss:</b>			
Exchange Differences on Translating Foreign Operations, Net of Tax	(1,396)	860	n/m
Effective Portion of Changes in Fair Value of Cash Flow Hedges	(9)	(8)	12.5%
<b>Total Other Comprehensive (Loss)/Income for the Period</b>	(1,405)	852	n/m
<b>Total Comprehensive (Loss)/Income for the Period</b>	(1,704)	993	n/m
<b>(Loss)/Profit for the Period Attributable to:</b>			
Owners of the Company	(331)	208	n/m
Non-Controlling Interests	32	(67)	n/m
<b>(Loss)/Profit for the Period</b>	(299)	141	n/m
<b>Total Comprehensive (Loss)/Income for the Period Attributable to:</b>			
Owners of the Company	(1,488)	1,182	n/m
Non-Controlling Interests	(216)	(189)	14.3%
<b>Total Comprehensive (Loss)/Income for the Period</b>	(1,704)	993	n/m

"n/m" denotes not meaningful.

1(a)(ii)

**Notes to Consolidated Statement of Comprehensive Income**

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

	Group	
	Q1 FY2015 (S\$'000)	Q1 FY2014 (S\$'000)
Finance Lease Income	347	356
Finance Income		
- Interest Income	17	17
Finance Costs	(289)	(270)
Depreciation of Property, Plant and Equipment	(619)	(705)
Loss on Disposal of Property, Plant and Equipment	(2)	(52)
Impairment Loss on Property, Plant and Equipment Reversed	-	188
Impairment Loss on Assets Held for Sale Made	(7,311)	-
Extinguishment of Liabilities	7,217	-
Impairment Loss on Assets Held for Sale, Net	(94)	-
Amortisation of Intangible Assets	(24)	(25)
Amortisation of Land Use Rights	(7)	(20)
Impairment Loss on Other Financial Assets	-	(26)
Amortisation of Deferred Expenses	-	(2)
Net Fair Value Gain on Derivative Financial Instruments	54	111
Provision for Retirement Benefit Obligations Expenses, Net	(28)	(74)
Amortisation of Deferred Income	4	2
Government Grant Income	-	24
Foreign Currency Exchange Gain, Net	29	113
Allowance for Inventory Obsolescence - Made	(12)	(25)
Allowance for Doubtful Receivables - Reversed	7	26
Adjustments for (Under)/Over Provision for Taxation in Respect of Prior Years	(9)	94

**Impairment Loss on Assets Held for Sale and Extinguishment of Liabilities**

In October 2014, the Group formulated a plan to optimise its investment value in Hivern Investments Pte. Ltd. ("Hivern") and its wholly-owned subsidiary in the People's Republic of China, Changyi Enersave Biomass to Energy Co., Ltd ("CEBEC") ("Hivern and its subsidiary") through a sale that leveraged on the assets owned by CEBEC.

On 16 October 2014, the Group entered into a non-binding Memorandum of Understanding ("MOU") with a third party (the "Potential Buyer") for the disposal of 95% equity interests in Hivern and its subsidiary to the Potential Buyer for a consideration, subject to certain terms and conditions including due diligences to be carried out by the Potential Buyer. One of the conditions under the MOU requires the Group to be fully responsible to discharge the liabilities due to the scheme creditors of Hivern.

In the light of the planned disposal, the assets of Hivern and its subsidiary are presented as a disposal group and recorded under "Assets Held for Sale" in the consolidated statement of financial position since 31 October 2014. The Group has taken into consideration the expected sale consideration offered by the Potential Buyer and the extinguishment of liabilities due to the scheme creditors when it measured the recoverable amount of Hivern's and its subsidiary's assets recorded under "Assets Held for Sale".

On 18 December 2014, the Group has obtained court sanction to discharge the liabilities totalling approximately S\$7.42 million due to the Hivern's scheme creditors for a full and final settlement sum of S\$0.2 million. As such, the Group has recognised the extinguishment of liabilities in "Other Losses" amounting to S\$7.22 million in Q1 FY2015. Consequently, the recoverable amount of assets of Hivern and its subsidiary was remeasured and an impairment loss on assets held for sale of S\$7.31 million was recognised in "Other Losses".

Assets of Hivern and its subsidiary are primarily located in China and denominated in Chinese Renminbi, while liabilities due to Hivern's scheme creditors are denominated mainly in Singapore dollars. The effects of movements in foreign exchange rates and their translations have resulted in an impairment loss on assets held for sale (net) of S\$0.09 million.

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 2015 (\$'000)	31 October 2014 (\$'000)	31 January 2015 (\$'000)	31 October 2014 (\$'000)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	26,328	27,149	354	372
Intangible Assets	1,635	1,732	-	-
Land Use Rights	1,098	1,068	-	-
Investments in Subsidiaries	-	-	41,540	41,634
Investments in Associates	4,683	4,862	-	-
Investment in Joint-Controlled Entity	3,873	3,923	-	-
Other Financial Assets	1,057	1,057	-	-
Finance Lease Receivables	12,394	12,543	-	-
Amount Due from an Associate	635	635	-	-
Other Assets	-	-	-	-
Deferred Tax Assets	215	284	-	-
<b>Total Non-Current Assets</b>	<b>51,918</b>	<b>53,253</b>	<b>41,894</b>	<b>42,006</b>
<b>Current Assets</b>				
Assets Held for Sale	5,126	12,272	-	-
Inventories	8,680	8,719	-	-
Income Tax Receivables	492	435	12	12
Trade and Other Receivables	16,489	17,035	6,091	5,140
Finance Lease Receivables	606	593	-	-
Derivative Financial Instruments	38	16	-	-
Other Assets	931	856	87	88
Cash and Cash Equivalents	8,944	11,402	773	1,024
<b>Total Current Assets</b>	<b>41,306</b>	<b>51,328</b>	<b>6,963</b>	<b>6,264</b>
<b>Total Assets</b>	<b>93,224</b>	<b>104,581</b>	<b>48,857</b>	<b>48,270</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share Capital	46,335	46,191	46,335	46,191
(Accumulated Losses)/Retained Earnings	(988)	(657)	(4,314)	(4,172)
Other Reserves	(232)	1,069	-	144
<b>Equity Attributable to Owners of the Company</b>	<b>45,115</b>	<b>46,603</b>	<b>42,021</b>	<b>42,163</b>
Non-Controlling Interests	3,230	3,446	-	-
<b>Total Equity</b>	<b>48,345</b>	<b>50,049</b>	<b>42,021</b>	<b>42,163</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Provision for Retirement Benefit Obligations	685	704	-	-
Loans and Borrowings	13,663	14,137	38	43
Deferred Tax Liabilities	2,501	2,583	-	-
Deferred Income	35	39	-	-
<b>Total Non-Current Liabilities</b>	<b>16,884</b>	<b>17,463</b>	<b>38</b>	<b>43</b>
<b>Current Liabilities</b>				
Income Tax Payable	560	521	36	30
Trade and Other Payables	14,414	23,291	3,709	3,394
Other Liabilities	769	770	-	-
Derivative Financial Instruments	-	4	-	-
Loans and Borrowings	12,238	12,467	3,053	2,640
Deferred Income	14	16	-	-
<b>Total Current Liabilities</b>	<b>27,995</b>	<b>37,069</b>	<b>6,798</b>	<b>6,064</b>
<b>Total Liabilities</b>	<b>44,879</b>	<b>54,532</b>	<b>6,836</b>	<b>6,107</b>
<b>Total Equity and Liabilities</b>	<b>93,224</b>	<b>104,581</b>	<b>48,857</b>	<b>48,270</b>

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

	<b>Group</b>			
	<b>As at 31 January 2015</b>		<b>As at 31 October 2014</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Amount repayable in one year or less, or on demand</b>	9,133	3,105	9,656	2,811
<b>Amount repayable after one year</b>	13,663	-	14,137	-

**Details of any collateral**

As at 31 January 2015, secured loans and borrowings comprised:

- Finance lease liabilities of S\$3,685,000 (31 October 2014: S\$4,001,000) were secured by the lessors' charge over the leased assets.
- Loans and borrowings of S\$8,394,000 (31 October 2014: S\$8,901,000) were secured by property, plant and equipment and assets of certain subsidiaries in Malaysia.
- Loans and borrowings of S\$364,000 (31 October 2014: S\$388,000) were secured by property, plant and equipment of subsidiaries in Singapore.
- Loans and borrowings of S\$9,082,000 (31 October 2014: S\$9,486,000) 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\$1,271,000 (31 October 2014: S\$1,017,000) 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 FY2015 (\$'000)	Q1 FY2014 (\$'000)
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit Before Income Tax	(103)	311
Depreciation of Property, Plant and Equipment	619	705
Loss on Disposal of Property, Plant and Equipment	2	52
Impairment Loss on Property, Plant and Equipment Reversed	-	(188)
Amortisation of Intangible Assets	24	25
Amortisation of Land Use Rights	7	20
Share of Results from Associates and Jointly-Controlled Entity, Net of Tax	167	213
Impairment Loss on Other Financial Assets	-	26
Impairment Loss on Assets Held for Sale Made	7,311	-
Extinguishment of Liabilities	(7,217)	-
Net Fair Value Gain on Derivative Financial Instruments	(37)	(87)
Amortisation of Deferred Expenses	-	2
Provision for Retirement Benefit Obligations Expenses, Net	28	74
Amortisation of Deferred Income	(4)	(2)
Finance Lease Income	(347)	(356)
Finance Income	(17)	(17)
Finance Costs	289	270
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>722</b>	<b>1,048</b>
Inventories	(258)	(757)
Trade and Other Receivables	(2)	1,519
Finance Lease Receivables	136	127
Other Assets	(73)	1,043
Trade and Other Payables	(1,941)	(1,454)
Other Liabilities	(1)	(2,082)
Finance Lease Income Received	347	356
Retirement Benefit Obligations Paid	(25)	(5)
<b>Net Cash Flows Used In Operations Before Income Tax</b>	<b>(1,095)</b>	<b>(205)</b>
Income Tax Paid	(158)	(201)
<b>Net Cash Flows Used In Operating Activities</b>	<b>(1,253)</b>	<b>(406)</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(970)	(538)
Proceeds from Disposal of Property, Plant and Equipment	-	8
Interest Income Received	17	17
<b>Net Cash Flows (Used In) Investing Activities</b>	<b>(953)</b>	<b>(513)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Loans and Borrowings	783	766
Repayments of Loans and Borrowings	(647)	(2,612)
Interest Expenses Paid	(254)	(249)
(Decrease)/Increase in Cash Restricted in Use Over 3 Months <sup>(a)</sup>	(59)	495
<b>Net Cash Flows Used In Financing Activities</b>	<b>(177)</b>	<b>(1,600)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,383)</b>	<b>(2,519)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	235	159
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	10,296	14,519
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>8,148</b>	<b>12,159</b>
<b>Cash and Cash Equivalents in the Statement of Cash Flows</b>		
Cash and Cash Equivalents <sup>(b)</sup>	8,944	12,549
Cash Restricted in Use	(624)	(257)
Bank Overdrafts	(172)	(133)
<b>Cash and Cash Equivalents At End of Period</b>	<b>8,148</b>	<b>12,159</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\$1,708,000 (31 January 2014: S\$2,391,000).

#### Non-Cash Transactions

Property, plant and equipment amounting to Nil (Q1 FY2014: S\$37,000) 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 (S\$'000)	(Accumulated Losses) / Retained Earnings (S\$'000)	Other Reserves (S\$'000)	Parent Sub - Total (S\$'000)	Non- Controlling Interests (S\$'000)	Total Equity (S\$'000)
<b><u>Group</u></b>						
<b><u>Current Period</u></b>						
<b>At 1 November 2014</b>	46,191	(657)	1,069	46,603	3,446	50,049
<b>Movements in Equity</b>						
Total Comprehensive (Loss)/Income for the Period	-	(331)	(1,157)	(1,488)	(216)	(1,704)
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	(144)	-	-	-
	144	(331)	(1,301)	(1,488)	(216)	(1,704)
<b>At 31 January 2015</b>	46,335	(988)	(232)	45,115	3,230	48,345
<b><u>Previous Period</u></b>						
<b>At 1 November 2013</b>	46,191	6,622	697	53,510	7,135	60,645
<b>Movements in Equity</b>						
Total Comprehensive Income/(Loss) for the Period	-	208	974	1,182	(189)	993
<b>At 31 January 2014</b>	46,191	6,830	1,671	54,692	6,946	61,638

	Share Capital (S\$'000)	(Accumulated Losses) / Retained Earnings (S\$'000)	Other Reserves (S\$'000)	Total Equity (S\$'000)
<b><u>Company</u></b>				
<b><u>Current Period</u></b>				
<b>At 1 November 2014</b>	46,191	(4,172)	144	42,163
<b>Movements in Equity</b>				
Total Comprehensive Income for the Period	-	(142)	-	(142)
Issue of Ordinary Shares under ecoWise Performance Share Plan	144	-	(144)	-
	144	(142)	(144)	(142)
<b>At 31 January 2015</b>	46,335	(4,314)	-	42,021
<b><u>Previous Period</u></b>				
<b>At 1 November 2013</b>	46,191	2,155	-	48,346
<b>Movements in Equity</b>				
Total Comprehensive Loss for the Period	-	(97)	-	(97)
<b>At 31 January 2014</b>	46,191	2,058	-	48,249

- 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 2014	926,697,315	46,191
Issue of Ordinary Shares under ecoWise Performance Share Plan	2,000,000	144
At 31 January 2015	928,697,315	46,335

Pursuant to the share awards granted on 29 January 2014 under ecoWise Performance Share Plan, the Company had on 17 November 2014 issued and allotted 2,000,000 ordinary shares in the share capital of the Company to an eligible participant in accordance with the vesting criteria.

As at 31 January 2015, the number of outstanding share awards under ecoWise Performance Share Plan was Nil (31 January 2014: 2,000,000 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 928,697,315 ordinary shares as at 31 January 2015 (31 October 2014: 926,697,315 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 2015, 31 October 2014 and 31 January 2014.

- 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 2014 (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 2014.

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

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

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

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

	Group	
	Q1 FY2015 (cents)	Q1 FY2014 (cents)
(i) Based on weighted average number of ordinary shares in issue	(0.035)	0.022
(ii) On a fully diluted basis	(0.035)	0.022

**Earnings per share for the quarter ended 31 January 2015**

Basic earnings per share for Q1 FY2015 is calculated based on the loss attributable to owners of the Company of S\$331,000 (Q1 FY2014: profit attributable to owners of the Company of S\$208,000) and on 935,337,066 (Q1 FY2014: 926,697,315) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

Fully diluted earnings per share for Q1 FY2015 is calculated based on 935,337,066 (Q1 FY2014: 928,697,315) weighted average number of ordinary shares in issue and shares that are contingently issuable during the period.

Shares that are contingently issuable refer to 14,285,714 new shares to be issued to certain creditors as announced on 22 December 2014.

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 2015 (cents)	31 October 2014 (cents)	31 January 2015 (cents)	31 October 2014 (cents)
<b>Net asset value per ordinary share at end of period/year</b>	4.86	5.03	4.52	4.54

The Group's net asset value per ordinary share is calculated based on net assets attributable to owners of the Company of S\$45,115,000 (31 October 2014: S\$46,603,000) and 928,697,315 (31 October 2014: 926,697,315) ordinary shares.

The Company's net asset value per ordinary share is calculated based on net assets of S\$42,021,000 (31 October 2014: S\$42,163,000) and 928,697,315 (31 October 2014: 926,697,315) 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 FY2015 (\$'000)	Q1 FY2014 (\$'000)	% Change
<b><u>Revenue</u></b>			
Renewable Energy Segment	2,600	2,472	5.2%
Resource Recovery Segment	12,604	14,778	(14.7%)
Integrated Environmental Management Solutions Segment	246	329	(25.2%)
<b>Total</b>	<b>15,450</b>	<b>17,579</b>	<b>(12.1%)</b>

The Group's revenue for the first quarter ended 31 January 2015 ("Q1 FY2015") of S\$15.45 million was S\$2.13 million or 12.1% lower as compared to the corresponding period of last financial period ("Q1 FY2014").

The decline was due to lower revenue recorded by the Resource Recovery segment. Sales recorded by the Group's retreaded tyres and rubber compounds businesses under Sunrich Integrated Sdn. Bhd. and its subsidiaries ("SRIT Group") had decreased mainly due to lower export volume and lower selling prices as a result of lower raw material prices. In Q1 FY2015, the Group's Resource Recovery copper slag business has experienced a decline in collection volume resulting in lower revenue as compared to Q1 FY2014.

The Renewable Energy segment's revenue of S\$2.60 million in Q1 FY2015 was 5.2% higher as compared to Q1 FY2014 mainly attributed to a slight increase in activities in the Group's biomass co-generation power plants, such as drying of spent grains, in Singapore.

The Group's gross profit margin of 19.5% in Q1 FY2015 was lower as compared to 20.8% in Q1 FY2014 mainly due to lower margins from the Resource Recovery segment from the sale of retreaded tyres and rubber compounds.

Other gains of S\$0.16 million in Q1 FY2015 were mainly due to income from deposit forfeited from a potential investor of S\$0.06 million, fair value gain on derivative financial instruments of S\$0.05 million and foreign currency exchange gain of S\$0.03 million. In Q1 FY2014, other gains were higher due to higher fair value gain on derivative financial instruments and foreign currency exchange gain and presence of reversal of impairment loss on property, plant and equipment.

Marketing and distribution expenses decreased by 5.0% to S\$0.87 million in Q1 FY2015 mainly attributed to lower sales commissions and travelling expenses incurred.

Administrative expenses decreased by 18.8% to S\$1.87 million in Q1 FY2015 mainly due to decreased in manpower costs amounting to S\$0.11 million attributable to lower headcount and bonuses, lower consultancy and professional fees by S\$0.10 million and lower depreciation expenses by S\$0.11 million.

Depreciation expenses decreased by 12.2% to S\$0.62 million in Q1 FY2015 mainly due to lower depreciable assets, as compared to Q1 FY2014, as a result of impairment of assets in Renewable Energy segment in the last two quarters of FY2014.

Finance costs increased marginally to S\$0.29 million in Q1 FY2015 mainly due higher loans and borrowings during Q1 FY2015 as compared to Q1 FY2014.

Other losses of S\$0.10 million in Q1 FY2015 comprised mainly impairment loss on assets held for sale (net) of S\$0.09 million. Other losses of S\$0.14 million in Q1 FY2014 comprised actuarial losses and current service costs arising from retirement benefit obligations, loss on disposal of property, plant and equipment and impairment loss on other financial assets.

The Group's share of losses from associates and jointly-controlled entity in Q1 FY2015 of S\$0.17 million was mainly due to the Group's share of losses incurred by Chongqing eco-CTIG Rubber Technology Co., Ltd. and Geocycle Singapore Pte. Ltd., partially offset by Group's share of profits from China-UK Low Carbon Enterprise Co., Ltd.

	Group		
	Q1 FY2015 (S\$'000)	Q1 FY2014 (S\$'000)	% Change
<b>(Loss)/Profit Before Income Tax</b>	(103)	311	n/m
Less: Impairment Loss Attributed to Hivern and its Subsidiary (Net)	94	-	n/m
<b>(Loss)/Profit Before Income Tax and Impairment Loss on Investments in Hivern and Its Subsidiary</b>	(9)	311	n/m

The Group recorded loss before income tax of S\$0.10 million in Q1 FY2015 (Q1 FY2014: profit before tax of S\$0.31 million) mainly due to lower revenue, lower gross margins and impairment losses attributable to Hivern and its subsidiary.

The Group recorded income tax expense of S\$0.20 million in Q1 FY2015, comprised mainly taxation charges from taxable profits of Singapore Renewable Energy and Resource Recovery segments

As a result of the above factors, the Group recorded a loss for the quarter of S\$0.30 million in Q1 FY2015 as compared to profit for the period of S\$0.14 million in Q1 FY2014. Loss attributable to owners of the Company amounted to S\$0.33 million in Q1 FY2015.

### **Statement of Financial Position**

The Group's non-current assets decreased by 2.5% or S\$1.34 million to S\$51.92 million as at 31 January 2015 mainly due to lower carrying amounts of property, plant and equipment, investments in associates and joint-controlled entity and finance lease receivables (non-current portion).

The Group's property, plant and equipment decreased by S\$0.82 million to S\$26.33 million as at 31 January 2015 mainly attributed to the acquisition of plant and equipment of S\$0.75 million, partially offset by depreciation charges of S\$0.62 million and effects of movements in foreign exchange rates of S\$0.95 million. Effects of movements in foreign exchange rate loss were mainly attributed to property, plant and equipment held by SRIT Group in Malaysia.

Investments in associates and jointly-controlled entity decreased by S\$0.23 million collectively mainly attributed to the Group's share of losses from associates and jointly-controlled entity of S\$0.17 million and effects of movements in foreign exchange rate loss of S\$0.06 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\$13.14 million as at 31 October 2014 to S\$13.00 million as at 31 January 2015 attributed to billings to and collections from the customer.

The amount due from an associate relates to receivables due from Geocycle Singapore Pte. Ltd..

The Group's current assets had decreased by S\$10.02 million to S\$41.31 million as at 31 January 2015 mainly due to decrease in recoverable amount of assets held for sale by S\$7.15 million, trade and other receivables by S\$0.55 million and cash and cash equivalents by S\$2.46 million.

As a result of extinguishment of liabilities by S\$7.22 million and, consequently, the impairment loss on assets held for sale of S\$7.31 million, as detailed in Note 1(a)(ii), assets held for sale in connection with the Hivern's and its subsidiary's assets had decreased by S\$7.15 million.

Trade and other receivables had decreased by S\$0.55 million mainly attributed to lower revenue recorded under Resource Recovery segment offset by slower receipt collections by Renewable Energy Segment.

The Group's non-current liabilities had decreased marginally by S\$0.58 million mainly due to lower loans and borrowings.

The Group's current liabilities had decreased by S\$9.07 million to S\$28.00 million as at 31 January 2015 mainly due to a decrease in trade and other payables by S\$8.88 million. The decrease in trade and other payables was mainly attributable to extinguishment of Hivern's liabilities of S\$7.22 million, lower purchases by Resource Recovery segment and settlement of payables by both Renewable Energy and Resource Recovery segments.

The Group's total loans and borrowings decreased by S\$0.70 million mainly due to drawing of loans and borrowings of S\$0.78 million, partially offset by repayment of loans and borrowings of S\$0.65 million and effects of movements in foreign exchange rates of S\$0.53 million.

## **Statement of Cash Flow**

### **For the quarter ended 31 January 2015**

The Group's cash and cash equivalents decreased by S\$2.38 million in Q1 FY2015 mainly due to net cash flows used in operating activities of S\$1.25 million, investing activities of S\$0.95 million and financing activities of S\$0.18 million.

Cash flows used in operating activities of S\$1.25 million comprised mainly of lower operating cash flows generated (as compared to Q1 FY2014) and trade and other payables settlements.

Cash flows used in investing activities of S\$0.95 million comprised mainly the Group's capital expenditure on property, plant and equipment amounted to S\$0.97 million in Q1 FY2015. The Group's capital expenditure is primary concentrated in the Resource Recovery segment.

Cash flows used in financing activities of S\$0.18 million comprised mainly repayments of loans and borrowings of S\$0.78 million and finance costs of S\$0.25 million; partially offset by new loans and borrowings drawn down amounting to S\$0.65 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 retreaded tyres businesses under SRIT Group continues to face challenging market conditions due to economic uncertainties in the markets we operate.

The Group's 65% investment in Chongqing eco-CTIG Rubber Technology Co., Ltd. ("CECRT") has already started commercial operations and expects improved performance from its Total Tyre Management service contract with the bus companies.

#### **Renewable Energy segment**

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

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

The Group plans to optimise its investment value in Hivern and its subsidiary through a sale of the assets owned by CEBEC.

**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/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the quarter ended 31 January 2015.

**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 2015 to be false or misleading.

**BY ORDER OF THE BOARD**

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**Lee Thiam Seng**  
Director

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**Low Kian Beng**  
Director

**13 March 2015**