



TRITECH GROUP LIMITED

(Company Registration No: 200809330R)

(Incorporated in the Republic of Singapore on 13 May 2008)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FIRST QUARTER ENDED 30 JUNE 2014

This announcement has been prepared by Trittech Group Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

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

- 1(a) 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.

	Three Months Ended 30 June		
	2014 (unaudited)	2013 (unaudited)	Change
	\$'000	\$'000	%
Revenue	14,931	11,807	26.5
Cost of sales	(10,691)	(9,300)	15.0
Gross profit	4,240	2,507	69.1
Other items of income			
Interest income	3	1	n.m.
Other income	301	454	(33.7)
	304	455	(33.2)
Other items of expenses			
Distribution expenses	(351)	(163)	115.3
Administrative expenses	(3,510)	(2,727)	28.7
Other expenses	(2,276)	(1,718)	32.5
Finance costs	(539)	(271)	98.9
Loss before income tax	(2,132)	(1,917)	11.2
Income tax expense	(85)	-	n.m.
Loss after income tax	(2,217)	(1,917)	15.6
Other comprehensive income:			
Items may be classified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(711)	773	n.m.
Total comprehensive income for the financial year	(2,928)	(1,144)	155.9
Loss attributable to:			
Owners of the parent	(2,217)	(1,917)	15.6
Total comprehensive income attributable to:			
Owners of the parent	(2,928)	(1,144)	155.9

n.m. not meaningful

Loss before income tax of the Group is arrived at after (charging)/crediting:

	Three Months Ended 30 June		
	FY2014 (unaudited)	FY2013 (unaudited)	Change
	\$'000	\$'000	%
Other income			
Gain on disposal of property, plant and equipment	52	3	n.m.
Rental income	71	120	(40.8)
Sundry income	178	331	(46.2)
Interest income	3	1	n.m.
Cost of sales, distribution, administrative and other expenses			
Depreciation of property, plant and equipment	(1,100)	(922)	19.3
Operating lease expense	(379)	(339)	11.8
Interest expense	(539)	(271)	98.9
Fair value loss on convertible bond designated as fair value through profit or loss	(416)	-	n.m.
Amortisation of land use right	(44)	(14)	214.3
Amortisation of intangible assets	(123)	(84)	46.4
Amortisation of mining right	(123)	(123)	-

n.m. not meaningful

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	
	As at 30/06/2014 (unaudited) \$'000	As at 31/3/2014 (audited) \$'000	As at 30/06/2014 (unaudited) \$'000	As at 31/03/2014 (audited) \$'000
Non-current assets				
Property, plant and equipment	53,201	52,762	1,121	1,127
Investments in subsidiaries	-	-	67,215	63,345
Land use right	7,987	8,074	-	-
Mining right	14,618	14,741	-	-
Intangible assets	4,676	4,792	-	-
Prepayment (land)	397	394	-	-
Trade and other receivables	586	973	-	-
	<u>81,465</u>	<u>81,736</u>	<u>68,336</u>	<u>64,472</u>
Current assets				
Inventories	6,428	4,625	-	-
Trade and other receivables	20,922	12,017	18,874	17,896
Tax recoverable	-	9	-	-
Prepayments	2,548	2,777	156	62
Amounts due from contract customers	44,069	41,690	-	-
Cash and cash equivalents	12,961	20,904	3,776	9,103
	<u>86,928</u>	<u>82,022</u>	<u>22,806</u>	<u>27,061</u>
Less:				
Current liabilities				
Trade and other payables	47,982	15,853	3,735	3,817
Amounts due to contract customers	1,502	1,610	-	-
Bank borrowings	15,688	16,064	6,132	6,091
Financial liabilities designated at fair value through profit or loss	-	23,383	-	-
Finance lease payables	2,235	2,508	-	-
Current income tax payable	675	673	112	112
	<u>68,082</u>	<u>60,091</u>	<u>9,979</u>	<u>10,020</u>
Net current assets	<u>18,846</u>	<u>21,931</u>	<u>12,827</u>	<u>17,041</u>
Non-current liabilities				
Bank borrowings	(4,848)	(5,194)	(4,586)	(4,891)
Finance lease payables	(1,541)	(1,623)	-	-
Deferred tax liabilities	(7,709)	(7,709)	(96)	(96)
	<u>(14,098)</u>	<u>(14,526)</u>	<u>(4,682)</u>	<u>(4,987)</u>
Net assets	<u>86,213</u>	<u>89,141</u>	<u>76,481</u>	<u>76,526</u>
Equity				
Share capital	67,174	67,174	67,174	67,174
Reserves	19,039	21,967	9,307	9,352
Total equity attributable to owners of the parent	<u>86,213</u>	<u>89,141</u>	<u>76,481</u>	<u>76,526</u>

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	As at 30 June 2014		As at 31 March 2014	
	(unaudited)		(audited)	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year	15,926	1,997	39,946 ⁽¹⁾	2,009
Amount repayable after one year	6,227	163	6,514	303
	22,153	2,160	46,460	2,312

⁽¹⁾ On 16 November 2012, the Company entered into a convertible bond agreement with its wholly-owned subsidiary, Terratech Resources Pte. Ltd. ("**Terratech Resources**") and two other investors (the "**Investors**") in respect of the issuance by Terratech Resources and the subscription by the Investors of convertible bonds with an aggregate principal amount of up to S\$15 million ("**Convertible Bonds**"). These Convertible Bonds are convertible into shares of Terratech Resources (or the relevant holding company of Terratech Resources in connection with the proposed listing of the Group's resource business) upon Terratech Resources or such holding company obtaining the relevant approvals to be listed on a recognised stock exchange and has a maturity date of 3 years from the date of issue of the Convertible Bonds ("**Maturity Date**"). In the event of, *inter alia*, Terratech Resources remaining unlisted by the Maturity Date, the Investors are able to exchange their Convertible Bonds for new shares in the Company at an issue price computed based on the average volume weighted closing prices of the Company's shares as at the relevant time of such exchange. The Convertible Bonds are secured by a guarantee granted by the Company in favour of the Investors. The Convertible Bonds had been issued to the Investors on 23 November 2012.

Pursuant to a letter dated 2 May 2014, the Investors agreed, *inter alia*, to convert the aggregate principal amount of the Convertible Bonds of S\$15 million and the outstanding accrued interest thereon for the period from 23 November 2013 up to and including 16 June 2014 amounting in aggregate to approximately S\$677,260 (the collective amount of S\$15,677,260 to be referred to as the "**Conversion Amount**") into conversion shares (and for any remaining interest accruing for the period from 17 June 2014 up to and including the date of conversion to be paid in cash by Terratech Resources to the Investors), and that Terratech Group Limited, a then wholly-owned subsidiary of the Company and the company to be listed on Catalist in connection with the proposed listing of the Group's resource business, will assume the liability to repay or procure a conversion of the Conversion Amount into the conversion shares in place of Terratech Resources. As a result of the foregoing, the Convertible Bonds which were previously classified as financial liabilities designated at fair value through profit or loss is now re-classified as other payables.

As a result of the foregoing, the Convertible Bonds Settlement Amount became an amount owing by Terratech Resources to Terratech Group Limited and on 20 June 2014, Terratech Resources issued and allotted the 156,772,600 Convertible Bonds Settlement Shares to Terratech Group Limited by way of capitalisation of the Convertible Bonds Settlement Amount.

As a result of Terratech Group Limited assuming the liability to repay or procure the conversion of the Conversion Amount into Conversion Shares, in place of Terratech Resources, the Convertible Bonds Settlement Amount was deemed satisfied, released and discharged in full as between Terratech Resources and Terratech Group Limited.

The banking facilities of the Group comprised bank guarantees, finance lease obligations and term loans. The bank guarantees are secured by fixed deposits placed with the financial institutions and corporate guarantee from the Company. The finance lease obligations are secured by the lessors' title to the leased assets and corporate guarantee from the Company.

The term loans are secured by:-

- (i) 1st legal mortgage over leasehold property located at Food Xchange @ Admiralty and assignment of all rights and benefits over the rental income from the leasehold property;
- (ii) fixed deposits placed with the financial institution;
- (iii) all fresh monies guarantee by certain subsidiaries;
- (iv) corporate guarantee from the Company; and
- (v) the leasehold property of the Company's subsidiary in the People's Republic of China ("PRC").

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

	Group Three Months Ended	
	30/06/2014	30/06/2013
	(unaudited)	(unaudited)
	\$'000	\$'000
Operating activities		
Loss before income tax	(2,132)	(1,917)
Adjustments for:		
Amortisation of intangible assets	123	84
Amortisation of mining right	123	123
Amortisation of land use right	44	14
Depreciation of property, plant and equipment	1,100	922
Fair value loss on convertible bond designated as fair value through profit or loss	416	-
Gain on disposal of property, plant and equipment	(52)	(3)
Interest income	(3)	(1)
Interest expense	539	271
Operating cash flow before working capital changes	158	(507)
 Working capital changes:		
Inventories	(1,803)	(257)
Trade and other receivables	(10,897)	1,297
Prepayments	229	162
Trade and other payables	31,605	(3,821)
Cash from / (used in) operations	19,292	(3,126)
Income taxes paid	(74)	(111)
Interest received	3	1
Net cash generated from / (used in) operating activities	19,221	(3,236)

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

	Group	
	Three Months Ended	
	30/06/2014	30/06/2013
	(unaudited)	(unaudited)
	\$'000	\$'000
Investing activities		
Addition of intangible assets	(8)	(12)
Purchase of property, plant and equipment	(1,108)	(1,623)
Proceeds from disposal of property, plant and equipment	52	58
Net cash used in investing activities	(1,064)	(1,577)
Financing activities		
(Increase)/Decrease in fixed deposit pledged	92	(2)
Proceeds from bank borrowings	25	-
Repayments of bank borrowings	(365)	(334)
Repayments of finance lease obligations	(841)	(771)
Convertible bond	(23,383)	-
Proceeds from issue of shares, net of expenses	-	1,857
Interest paid	(539)	(200)
Net cash (used in) / generated from financing activities	(25,011)	550
Net change in cash and cash equivalents	(6,854)	(4,263)
Cash and cash equivalents at beginning of financial year	11,603	14,020
Currency translation differences	(615)	1
Cash and cash equivalents at end of financial period	4,134	9,758
Cash and cash equivalents comprise:		
Fixed deposits with bank	5,185	12,235
Cash and bank balances	7,776	4,368
Cash and cash equivalents on consolidated statement of financial position	12,961	16,603
Bank overdraft	(3,675)	(2,496)
Fixed deposit pledged	(5,152)	(4,349)
Cash and cash equivalents on consolidated statement of cash flow	4,134	9,758

(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.
(continued)

	Share capital	Other reserve	Foreign Currency translation reserve	Revaluation reserve	Retained earnings	Total equity attributable to owners of the parent
Group (unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1.4.2014	67,174	3,243	(350)	13,036	6,038	89,141
Loss for the financial period	-	-	-	-	(2,217)	(2,217)
Other comprehensive income for the financial period						
Foreign currency differences on translation of foreign operations	-	-	(711)	-	-	(711)
Total comprehensive income for the financial period	-	-	(711)	-	(2,217)	(2,928)
Balance at 30.6.2014	67,174	3,243	(1,061)	13,036	3,821	86,213

(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. (continued)

Group	Share capital \$'000	Other reserve \$'000	Employee share option reserve \$'000	Warrants reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the parent \$'000
Balance at 1.4.2013	44,713	3,243	890	295	(261)	13,432	62,312
Loss for the financial period	-	-	-	-	-	(1,917)	(1,917)
Other comprehensive income for the financial period	-	-	-	-	-	-	-
Foreign currency differences on translation of foreign operations	-	-	-	-	773	-	773
Total comprehensive income for the financial period	-	-	-	-	773	(1,917)	(1,144)
Contributions by and distributions to owners of the parent							
Issuance of shares pursuant to exercise of warrants and placement, net of expenses	1,857	-	-	-	-	-	1,857
Transfer to share capital upon exercise of warrants	55	-	-	(55)	-	-	-
Total transactions with owners of the parent	1,912	-	-	(55)	-	-	1,857
Balance at 30.6.2013	46,625	3,243	890	240	512	11,515	63,025

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.
(continued)

	Share capital \$'000	Other reserve \$'000	Employee share option reserve \$'000	Warrants reserve \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Company (unaudited)							
Balance at 1.4.2014	67,174	3,243	-	-	470	5,639	76,526
Loss for the financial year, representing total comprehensive income for the financial period	-	-	-	-	-	(45)	(45)
Total comprehensive income for the financial period	-	-	-	-	-	(45)	(45)
Balance at 30.6.2014	67,174	3,243	-	-	470	5,594	76,481
Balance at 1.4.2013	44,713	3,243	890	295		5,629	54,770
Loss for the financial period, representing total comprehensive income for the financial period	-	-	-	-		138	138
Total comprehensive income for the financial period	-	-	-	-		138	138
Contributions by and distributions to owners of the parent							
Issuance of shares pursuant to exercise of warrants and placements, net of proceeds	1,857	-	-	-		-	1,857
Transfer to share capital upon exercise of warrants	55	-	-	(55)		-	-
Total transactions with owners of the parent	1,912	-	-	(55)		-	1,857
Balance at 30.6.2013	46,625	3,243	890	240		5,767	56,765

(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.

Details of the changes in the issued and paid-up capital of the Company since 31 March 2014 to 30 June 2014 are as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 31 March 2014	773,149,186	67,174,090
Issued and fully paid ordinary shares as at 30 June 2014	773,149,186	67,174,090

Warrants

As at 30 June 2014, there were 386,574,593 outstanding bonus warrants, each warrant carrying the right to subscribe for one new share of the Company at the exercise price of S\$0.20 for each new share.

Convertible Bonds

On 20 June 2014, under the restructuring agreement (the "Restructuring Agreement"), Terratech Resources Pte Ltd ("Terratech Resources") issued and allotted the 156,772,600 Convertible Bonds Settlement Shares to Terratech Group Limited ("Terratech") by way of the capitalisation of the Convertible Bonds Settlement Amount, owing by Terratech Resources to Terratech. As a result, Terratech assumes the liability to repay or procure the conversion of the Conversion Amount into Conversion Shares, in place of Terratech Resources, pursuant to which the Convertible Bonds Settlement Amount was deemed satisfied, released and discharged in full as between Terratech Resources. As a result of the Restructuring Agreement, the Company has increased its investment in subsidiary in Terratech by approximately \$3.9million.

Treasury shares and options

The Company did not have any outstanding options and treasury shares as at 30 June 2014 and as at 31 March 2014.

1(d)(iii) 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.

	As at 30.06.2014	As at 31.03.2014
Total number of issued shares excluding treasury shares	773,149,186	773,149,186

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

Not applicable. There was no treasury shares during or as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which accounting standard or practice.

The figures 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. The figures have not been audited or reviewed by the Company's auditors.

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

Save as disclosed in paragraph 5 of below, the Group has applied the same accounting policies and methods of computation in the financial statements for 3 months financial period ended 30 June 2014 ("1Q2015") as those used in the most recently audited annual financial statements for the financial year ended 31 March 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.

In the current financial period, the Group adopted all of the new and/or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for first-time adoption during the current financial year. The adoption of these new and/or revised FRS and INT FRS did not result in any substantial changes to the Group's and Company's accounting policies and has no material effect on the financial statements for the current or prior financial periods reported on.

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.

	1Q2015	1Q2014
(a) Basic (loss)/earnings per share (SGD cents)	(0.29)	(0.63)
(b) Diluted (loss)/earnings per share (SGD cents)	(0.29)	(0.63)

(a) Basic loss per share of the Group in 1Q2015 is calculated based on the weighted average number of ordinary shares in issue of 773,149,186.

Basic loss per share of the Group in 1Q2014, being 3 months for the financial period ended 30 June 2013 ("1Q2014"), is calculated based on the weighted average number of ordinary shares in issue of 306,218,537.

(b) Diluted loss per share in 1Q2015 is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.

Diluted loss per share in 1Q2014 is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.

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

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

	Group		Company	
	30.6.2014	31.3.2014	30.6.2014	31.3.2014
Net asset value per ordinary share based on issued share capital (SGD cents)	11.15	11.53	9.89	9.90

The net asset value per ordinary share of the Group and the Company as at 30 June 2014 was calculated based on the total issued number of ordinary shares, excluding treasury shares, of 773,149,186 (31 March 2014: 773,149,186).

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.

REVIEW OF INCOME STATEMENT OF THE GROUP

Financial period ended 30 June 2014 ("1Q2015") vs financial period ended 30 June 2013 ("1Q2014")

The Group's revenue increased by \$3.1 million from \$11.8 million in 1Q2014 to \$14.9 million in 1Q2015. The increase was mainly due to the increase in revenue of \$3.5 million from the water-related and environmental business from the projects of Anhui Clean Environment Biotechnology Co. Ltd. ("Anhui") and revenue recognised from resources business of \$0.1 million. The increase was partially offset by a decrease in revenue from the engineering business of approximately \$0.5 million.

The Group's gross profit increased by \$1.7 million from \$2.5 million in 1Q2014 to \$4.2 million in 1Q2015. The gross profit margin increased from 21.2% in 1Q2014 to 28.4% in 1Q2015. The increase was mainly due to higher gross profit margin generated from the projects of Anhui.

The Group's other income decreased by \$0.2 million from \$0.5 million in 1Q2014 to \$0.3 million in 1Q2015, mainly due to decrease in sundry income of \$0.2 million and rental income of \$0.05 million.

The Group's administrative expenses increased by \$0.7 million from \$2.7 million in 1Q2014 to \$3.5 million in 1Q2015. The increase in administrative expenses was mainly due to an increase in staff salary, increase in depreciation charges of property, plant and equipment and increase in rental of office and equipment.

Distribution expenses increased by \$0.2 million from \$0.2 million in 1Q2014 to \$0.4 million in 1Q2015 mainly due to an increase in the transportation, depreciation of motor vehicles for the water related business.

The Group's other expenses increased by \$0.6 million from \$1.7 million in 1Q2014 to \$2.3 million in 1Q2015. The increase in other expenses was mainly due to the increase in fair value loss on the convertible bond in 1Q2015 as a result of a revaluation performed as at 30 June 2014.

Finance costs increased by \$0.2 million from \$0.3 million in 1Q2014 to \$0.5 million in 1Q2015. The increase in finance costs was mainly due to additional term loans obtained and higher interest rate for Convertible Bond.

The increase in depreciation charge of \$0.2 million from \$0.9 million in 1Q2014 to \$1.1 million in 1Q2015 was mainly due to the purchase of new machinery and equipment.

As a result of the above, the Group recorded a loss after tax of \$2.2 million in 1Q2015 as compared to a loss after tax of \$1.9 million in 1Q2014.

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. (continued)

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$81.4 million as at 30 June 2014, a decrease of \$0.3 million from \$81.7 million as at 31 March 2014. The decrease was mainly due to (1) amortisation of mining right, land use right and intangible assets of \$0.3 million; (2) decrease of long term trade receivable for a retention sum from contract customers of \$0.4 million. The decrease was partially offset by the increase in property, plant and equipment of \$0.4 million.

Current assets which comprised inventories, trade and other receivables, tax recoverable, prepayments, amounts due from contract customers and, cash and cash equivalents, were \$86.9 million as at 30 June 2014. This represented an increase of \$4.9 million from \$82.0 million as at 31 March 2014. The increase was mainly due to the increase in inventories, trade and other receivables, amount due from contract customers. The increase in inventories by \$1.8 million was mainly due to the increase in the inventory of marble products and water-related and environmental business in PRC. The increase in trade and other receivables of \$8.9 million was mainly due to trade receivables from water-related and environmental business in PRC. The increase of \$2.3 million in amount due from contract customers was mainly due to engineering group business. The increase was partially offset by decrease in cash and cash equivalents of \$7.9 million and decrease in prepayment of \$0.2 million.

Current liabilities which comprised trade and other payables, amounts due to contract customers, bank borrowings, financial liabilities designated at fair value through profit or loss, finance lease payables and tax payable were \$68.0 million as at 30 June 2014, an increase of \$8.0 million from \$60.0 million as at 31 March 2014. The increase was mainly due to the increase in trade and other payables of \$32.1 million, which included a reclassification of the Convertible Bonds previously classified as financial liabilities designated at fair value through profit or loss of \$23.4 million. This increase was partially offset by the decrease of \$0.7 million in amount due to contract customers, finance lease payables and bank borrowings.

Non-current liabilities were \$14.1 million as at 30 June 2014, a decrease of \$0.4 million from \$14.5 million as at 31 March 2014. This was mainly due to the decrease in bank borrowings of \$0.3 million and finance lease payables of \$0.1 million as a result of repayment of term loan and finance lease obligations.

The Group had a positive working capital of \$18.8 million as at 30 June 2014 as compared to \$21.9 million as at 31 March 2014.

REVIEW OF CASH FLOW STATEMENT OF THE GROUP

The Group had a net cash generated from operating activities of \$19.2 million from its operating activities in 1Q2015 due mainly to working capital inflow of \$19.3 million. The working capital inflow was due to an increase in trade and other payable as a result of reclassification of account of the Convertible Bond from financial liabilities designated at fair value through profit or loss, an increase in trade and other receivables mainly due to increase in trade receivables of Anhui and an increase in inventories of its marble products and those held by its water and environmental business in PRC.

Net cash of \$1.1 million was used in investing activities in 1Q2015, mainly for the purchase of property, plant and equipment for the Group's businesses.

Net cash of \$25.0 million used in financing activities in 1Q2015 was mainly due to decrease in convertible bond of \$23.3 million, interest payment of \$0.5 million, the repayment of bank borrowing and finance lease obligation of \$0.4 million and \$0.8 million respectively.

As at 30 June 2014, the Group had cash and cash equivalents amounting to \$4.1 million, a decrease from \$11.6 million as at 31 March 2014.

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

Not applicable. No forecast or a prospect statement had been previously disclosed to shareholders.

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.**

The Group's engineering business remains its core business and the management is positive on the long term performance of this business which has continued to remain profitable despite increased competition and higher direct costs in Singapore that impacted its profit margin. As at 30 July 2014, the order book for the engineering business was approximately \$120 million and the Group continues to secure new contracts from its major customers.

The Group will continue to make effort to strengthen its engineering business in the coming 12 months. In addition to its specialist services, the Group will put more effort to its specialist contracting works, especially underground tunneling and space utilization work. The management believes that this will help the Group to improve its revenue and profit and maintain its competitive edges in long term.

The Group's water and environment business is also at a growth stage. The Group has built its own unique core competitive edges in the water-related and environmental business, namely 1) complete membrane and membrane related products; 2) advanced and patented anaerobic technologies; and 3) real-time water quality and environmental monitoring technologies, to better position to grasp the market potential and work towards being one of the leading water-related services providers in Singapore and the region. The Group has seen encouraging results for its products and expects growth in the revenue contribution from the water-related and environmental business in the next 12 months. This is further supported by its recently announced framework agreement with Jiaonan Economic Development Zone Governing Committee (胶南经济开发区管理委员会) relating to the exclusive right to design, build and operate water recycling plants within the Jiaonan Economic Development Zone (胶南经济开发区) for an initial period of 30 years.

Based on the above developments and barring any unforeseen circumstances, the Group's businesses are expected to achieve revenue growth in the coming 12 months.

11. If a decision regarding dividend has been made:-

- (a) Whether an interim (final) dividend has been declared (recommended); and

Nil

- (b)(i) Amount per share (cents)

(Optional) Rate (%)

Nil

- (b)(ii) Previous corresponding period (cents)

(Optional) Rate (%)

Nil

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

- (d) The date the dividend is payable.

Not applicable

- (e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable

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

No dividend has been declared or recommended for three months financial period ended 30 June 2014.

13 Interested Person Transactions

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.

There was no interested person transaction during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920). The Company does not have a general mandate from its shareholders for interested person transactions.

14 Confirmation pursuant to Rule 705(5) of listing manual

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wang Xiaoning
Managing Director
13 August 2014