



TERRATECH GROUP LIMITED

(Company Registration No: CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2014

Terratech Group Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 30 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor” or “PPCF”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The 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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

For the purpose of this announcement, the financial results of the Group for six months ended 30 September 2014 ("1H2015") and the comparative financial results of the Group for six months ended 30 September 2014 ("1H2014") as well as the financial results of the Group for three months ended 30 September 2013 ("2Q2014"), have been prepared on the assumption that the Group's structure following the completion of the restructuring exercise in conjunction with the initial public offering of shares ("IPO") had been in place since 1 April 2013.

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

1(a) A combined statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Three Months Ended 30 September			Six Months Ended 30 September		
	2014	2013	Change	2014	2013	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	32	-	n.m.	42	-	n.m.
Cost of sales	(409)	-	n.m.	(815)	-	n.m.
Gross loss	(377)	-	n.m.	(773)	-	n.m.
Other items of income						
Other income	8,860	5	n.m.	8,950	136	n.m.
Other items of expenses						
Distribution expenses	(31)	(20)	55.0	(82)	(82)	-
Administrative expenses	(3,343)	(1,388)	140.9	(4,402)	(3,048)	44.4
Other expenses	-	(441)	n.m.	(416)	(441)	5.7
Finance costs	(54)	(321)	(83.2)	(370)	(340)	8.8
Profit / (Loss) before income tax	5,055	(2,165)	333.5	2,907	(3,775)	177.0
Income tax credit/(expense)	-	-	-	-	-	-
Profit / (Loss) after income tax	5,055	(2,165)	333.5	2,907	(3,775)	177.0
Other comprehensive income: Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	(23)	117	(119.7)	2	109	(98.2)
Other comprehensive income/(loss) for the financial period, net of tax	(23)	117	(119.7)	2	109	(98.2)
Total comprehensive income/(loss) for the financial period	5,032	(2,048)	345.7	2,909	(3,666)	179.4
Profit / (Loss) attributable to owners of the parent	5,055	(2,165)	333.5	2,907	(3,775)	177.0
Total comprehensive income/(loss) attributable to owners of the parent	5,032	(2,048)	345.7	2,908	(3,666)	179.4

n.m. denotes not meaningful

1(a) A consolidated statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

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

	Group					
	Three Months Ended 30 September			Six Months Ended 30 September		
	2014	2013	Change	2014	2013	Change
	(Unaudited)			(Unaudited)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other income						
Fair value gain on conversion of convertible bonds	8,799	-	n.m.	8,799	-	n.m.
Sundry income	61	5	n.m.	151	136	11.0
Cost of sales, distribution, administrative and other expenses						
Depreciation of property, plant and equipment	(151)	(132)	14.4	(298)	(254)	17.3
Amortisation of intangible assets	(5)	(3)	66.7	(11)	(12)	(8.3)
Operating lease expense	(40)	(12)	233.3	(76)	(12)	533.3
Interest expense	(54)	(321)	(83.2)	(370)	(340)	8.8

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 30.09.14	As at 31.03.14	As at 30.09.14	As at 31.03.14
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	5,549	5,417	-	-
Investments in subsidiaries	-	-	24,543	-
Prepayments and deposits	470	466	-	-
Intangible assets	729	739	-	-
	<u>6,748</u>	<u>6,622</u>	<u>24,543</u>	<u>-</u>
Current assets				
Inventories	3,570	3,184	-	-
Trade and other receivables	597	196	8,887	-
Prepayments	1,059	292	13	4
Income tax recoverable	-	66	-	-
Cash and cash equivalents	8,679	3,986	6,836	-
	<u>13,905</u>	<u>7,724</u>	<u>15,736</u>	<u>4</u>
Less :				
Current liabilities				
Trade and other payables	1,380	7,671	661	522
Bank overdraft	-	1,287	-	-
Convertible bonds	-	23,336	-	-
Finance lease payables	367	659	-	-
	<u>1,747</u>	<u>32,953</u>	<u>661</u>	<u>522</u>
Net current assets / (liabilities)	<u>12,158</u>	<u>(25,229)</u>	<u>15,075</u>	<u>(518)</u>
Non-current liabilities				
Finance lease payables	260	401	-	-
	<u>260</u>	<u>401</u>	<u>-</u>	<u>-</u>
Net assets / (liabilities)	<u>18,646</u>	<u>(19,008)</u>	<u>39,618</u>	<u>(518)</u>
Capital and reserves				
Share capital	35,175	430	35,175	*
Reserves	(16,529)	(19,438)	4,443	(518)
Total equity attributable to owners of the parent	<u>18,646</u>	<u>(19,008)</u>	<u>39,618</u>	<u>(518)</u>

* This represents amount less than S\$1,000

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.

	Group			
	As at 30.09.14 (Unaudited)		As at 31.03.14 (Unaudited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable within one year	-	367	24,623 ⁽¹⁾	659
Amount repayable after one year	-	260	-	401
	-	627	24,623	1,060

Note:

(1)

Pursuant to a letter dated 2 May 2014, Luminor Pacific Fund 1 Ltd, and Kwan Chee Seng (the "Pre-IPO Investors") agreed, inter alia, to convert the aggregate principal amount of the convertible bonds issued by Terratech Resources Pte. Ltd. ("Terratech Resources") (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 new ordinary shares in the capital of the Company (the "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 Pre-IPO Investors), and that the Company would 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 Conversion Amount became an amount owing by Terratech Resources to the Company ("Convertible Bonds Settlement Amount") and on 20 June 2014, Terratech Resources issued and allotted 156,772,600 ordinary shares in the capital of Terratech Resources (the "Convertible Bonds Settlement Shares") to the Company by way of capitalization of the Convertible Bonds Settlement Amount.

As a result of the Company 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 the Pre-IPO Investors.

The banking facilities of the Group comprised of finance lease obligations. The finance lease obligations are secured by the lessors' title to the leased assets together with the fixed deposits and supported by corporate guarantees provided by the immediate holding company and certain related companies.

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 Three Months Ended		Group Six Months Ended	
	30.09.14 (Unaudited) S\$'000	30.09.13 (Unaudited) S\$'000	30.09.14 (Unaudited) S\$'000	30.09.13 (Unaudited) S\$'000
Operating activities:				
Profit / (Loss) before income tax	5,055	(2,165)	2,907	(3,775)
Adjustments for:				
Amortisation of intangible assets	5	3	11	12
Depreciation of property, plant and equipment	151	132	298	254
Gain on conversion of convertible bonds	(8,799)	-	(8,799)	-
Interest expense	54	321	370	340
Operating cash flow before working capital changes	(3,534)	(1,709)	(5,213)	(3,169)
Working capital changes:				
Inventories	(347)	99	(386)	64
Trade and other receivables	(285)	(5,148)	(401)	(194)
Prepayments	(641)	(140)	(766)	(388)
Trade and other payables	5,649	5,276	4,485	216
Cash used in operations	842	(1,622)	(2,281)	(3,471)
Income taxes refunded	48	-	66	-
Net cash generated from / (used in) operating activities	890	(1,622)	(2,215)	(3,471)
Investing activities:				
Purchases of property, plant and equipment	(159)	(160)	(417)	(397)
Net cash used in investing activities	(159)	(160)	(417)	(397)
Financing activities:				
Fixed deposit pledged	(8)	(8)	85	(8)
Repayments of finance lease obligations	(121)	(220)	(433)	(456)
Proceeds from issuance of shares, net of expenses	5,563	-	9,432	-
Interest paid	(54)	(321)	(370)	(340)
Net cash generated from / (used in) financing activities	5,380	(549)	8,714	(804)
Net change in cash and cash equivalents	6,111	(2,331)	6,082	(4,672)
Cash and cash equivalents at beginning of financial period	2,486	7,289	2,505	9,663
Currency translation differences	(24)	197	(14)	164
Cash and cash equivalents at end of financial period	8,573	5,155	8,573	5,155
Cash and cash equivalents comprise:				
			Group Six Months Ended	
			30.09.14 (Unaudited) S\$'000	30.09.13 (Unaudited) S\$'000
Fixed deposits with bank			106	198
Cash and bank balances			8,573	5,155
Cash and cash equivalents on consolidated statement of financial position			8,679	5,353
Bank overdrafts			-	-
Fixed deposit pledged			(106)	(198)
Cash and cash equivalents on consolidated statement of cash flow			8,573	5,155

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	Other reserve	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)					
Balance at 1.4.2014	430	90	109	(19,637)	(19,008)
Loss for the financial period	-	-	-	(2,147)	(2,147)
Other comprehensive income for the financial period	-	-	-	-	-
Foreign currency differences on translation of foreign operations	-	-	24	-	24
Total comprehensive income for the financial period	-	-	24	(2,147)	(2,123)
Contributions by and distributions to owners of the parent					
Issuance of shares	3,870	-	-	-	3,870
Total transactions with owners of the parent	3,870	-	-	-	3,870
Balance at 30.6.2014	4,300	90	133	(21,784)	(17,261)
Profit for the financial period	-	-	-	5,055	5,055
Other comprehensive income for the financial period	-	-	-	-	-
Foreign currency differences on translation of foreign operations	-	-	(23)	-	(23)
Total comprehensive income for the financial period	-	-	(23)	5,055	5,032
Contributions by and distributions to owners of the parent					
Issuance of Conversion Shares to Pre-IPO Investors	15,677	-	-	-	15,677
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing (as defined below)	1,200	-	-	-	1,200
Issuance of new placement shares	10,005	-	-	-	10,005
Equity component transferred to Retained Earnings	-	(90)	-	90	-
Gain on shares due to Restructuring Exercise	4,566	-	-	-	4,566
Less: Share issuance expenses	(573)	-	-	-	(573)
Total transactions with owners of the parent	30,875	(90)	-	90	30,875
Balance at 30.9.2014	35,175	-	110	(16,639)	18,646

	Share capital	Other reserve	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)					
Balance at 1.4.2013	430	90	29	(7,055)	(6,506)
Loss for the financial period	-	-	-	(1,610)	(1,610)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	(8)	-	(8)
Total comprehensive income for the financial period	-	-	(8)	(1,610)	(1,618)
Contributions by and distributions to owners of the parent					
	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2013	430	90	21	(8,665)	(8,124)
Loss for the financial period	-	-	-	(2,165)	(2,165)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	117	-	117
Total comprehensive income for the financial period	-	-	117	(2,165)	(2048)
Contributions by and distributions to owners of the parent					
	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.9.2013	430	90	138	(10,830)	(10,172)

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

	Share capital	Other reserves	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (unaudited)					
Balance at 1.4.2014	*	-	-	(518)	(518)
Loss for the financial period	-	-	-	(179)	(179)
Total comprehensive income for the financial period	-	-	-	(179)	(179)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Issuance of shares	4,300	-	-	-	4,300
Total transactions with owners of the parent	4,300	-	-	-	4,300
Balance at 30.6.2014	4,300	-	-	(697)	3,603
Profit for the financial period	-	-	-	5,140	5,140
Total comprehensive income for the financial period	-	-	-	5,140	5,140
Contributions by and distributions to owners of the parent	-	-	-	-	-
Issuance of Conversion Shares to Pre-IPO Investors	15,677	-	-	-	15,677
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing (as defined below)	1,200	-	-	-	1,200
Issuance of new placement shares	10,005	-	-	-	10,005
Gain on shares due to Restructuring Exercise	4,566	-	-	-	4,566
Less : Share issuance expenses	(573)	-	-	-	(573)
Total transactions with owners of the parent	30,875	-	-	-	30,875
Balance at 30.9.2014	35,175	-	-	4,443	39,618
Balance at 1.4. 2013	-	-	-	-	-
Loss for the financial period	-	-	(2)	(166)	(168)
Total comprehensive income for the financial period	-	-	(2)	(166)	(168)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2013	-	-	(2)	(166)	(168)
Loss for the financial period	-	-	2	(145)	(143)
Total comprehensive income for the financial period	-	-	2	(145)	(143)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.9.2013	-	-	-	(311)	(311)

* This represents amount less than S\$1,000

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.

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

Ordinary shares

	Number of issued share s	S\$
Issued and fully paid ordinary shares as at 30 June 2014	430,000,000	4,300,000
Allotment and issuance of Conversion Shares to Pre-IPO investors	136,324,003	15,677,260
Allotment and issuance of new ordinary shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing (as defined below)	5,218,000	1,200,140
Allotment and issuance of new ordinary shares pursuant to the IPO placement	43,500,000	10,005,000
Gain on shares due to Restructuring Exercise	-	4,566,108
Less: Share issuance expenses	-	(573,391)
Issued and fully paid ordinary shares as at 30 September 2014	615,042,003	35,175,117

Subsequent to the financial period ended 30 June 2014, 43,500,000 new shares of the Company have been issued to institutional investors at an issue price of S\$0.23 per share in connection with its listing on Catalist of the SGX-ST on 30 July 2014 ("Listing"). Additionally, 5,218,000 new shares of the Company have been issued to PPCF in satisfaction of management fee payable to PPCF as Sponsor and Issue Manager for the Listing.

Treasury shares

The Company did not have any treasury shares as at 30 September 2014 and 30 September 2013.

Convertible Bonds

Pursuant to a letter dated 2 May 2014, the Pre-IPO Investors agreed to convert the Conversion Amount into Conversion Shares, being an aggregate of 136,324,003 shares of the Company to be issued to the Pre-IPO Investors.

Subsequent to the financial period ended 30 June 2014, 136,324,003 shares had been issued and allotted to the Pre-IPO Investors at an issue price of S\$0.115 per share in connection with the Listing.

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 30.09.14	As at 31.03.14
Total number of issued shares excluding treasury shares	615,042,003	1

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. The Company did not have any treasury shares during and 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 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements ended 31 December 2013 prepared for the purpose of IPO as disclosed in the Company's offer document dated 21 July 2014 (the "Offer Document").

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 reporting period, the Group adopted all of the new 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 where relevant has no material effect on the financial results for the current financial period 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.

	Group			
	Three Months Ended		Six Months Ended	
	30.09.14	30.09.13	30.09.14	30.09.13
(a) Basic earnings / (loss) per ordinary share (SGD cents)	0.82	(0.35)	0.47	(0.61)
(b) Diluted earnings / (loss) per ordinary share (SGD cents)	0.82	(0.35)	0.47	(0.61)

- (a) Basic earnings per share of the Group for the three months and six months financial period ended 30 September 2014 are calculated based on the weighted average number of ordinary shares in issue of 615,042,003.

Basic loss per share of the Group for the three months and six months financial period ended 30 September 2013 are calculated based on the weighted average number of ordinary shares in issue of 615,042,003. For illustrative purposes only, the issued and paid up share capital of the Group of 615,042,003 ordinary shares is assumed to have been in issue throughout the entire six months ended 30 September 2013.

- (b) Diluted earnings per share for the three months and six months financial period ended 30 September 2014 are the same as the basic earnings per share.

Diluted loss per share for the three months and six months financial period ended 30 September 2013 are the same as the basic 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	
	30.09.14	31.03.14	30.09.14	31.03.14
Net asset value per ordinary share based on issued share capital (SGD cents)	3.03	(3.09)	6.44	(0.08)

The net asset value per ordinary share of the Group and the Company as at 30 September 2014 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 615,042,003. For illustrative purposes only, the issued and paid up share capital of the Group and Company of 615,042,003 ordinary shares as at 30 September 2014 were assumed to have been in issue as at 31 March 2014.

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.

The review of the performance of the Group should be read in conjunction with the Offer Document.

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

2Q2015 vs 2Q2014

The Group's revenue increased by S\$0.03 million from nil in 2Q2014 to S\$0.03 million in 2Q2015. The increase was due to higher marble sales for the financial period under review.

The Group incurred a gross loss of S\$0.4 million in 2Q2015 as compared to nil in 2Q2014. This was due to the increase in salaries and wages and materials incurred in the quarrying and production of the marble blocks.

The Group's other income increased by S\$8.9 million from S\$5,000 in 2Q2014 to S\$8.9 million in 2Q2015 mainly due to an one-off fair value gain of S\$8.8 million on the conversion of the convertible bonds into the Company's shares in conjunction with the Listing.

The Group's administrative expenses increased by S\$1.9 million from S\$1.4 million in 2Q2014 to S\$3.3 million in 2Q2015. The increase in administrative expenses was mainly due to the expenses incurred for the Listing.

The Group's other expenses decreased from S\$0.44 million in 2Q2014 to nil in 2Q2015 was due mainly to the fair value loss on financial liabilities designated at fair value through profit or loss amounting to S\$0.42 million that was taken up in 2Q2014.

The Group's finance costs decreased by S\$0.26 million from S\$0.32 million in 2Q2014 to S\$0.06 million in 2Q2015, mainly due to the conversion of the Convertible Bonds in conjunction with the Listing and as such, interest ceased to accrue on the Convertible Bonds.

As a result of the aforementioned, the Group recorded a net profit of S\$5.0 million in 2Q2015 as compared to a net loss of S\$2.2 million in 2Q2014.

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 STATEMENT OF FINANCIAL POSITION

Non-current assets were S\$6.7 million as at 30 September 2014, an increase of S\$0.1 million from S\$6.6 million as at 31 March 2014. The increase was mainly due to the purchase of additional quarrying equipment.

Current assets which comprised inventories, trade and other receivables, prepayments, income tax recoverable, and cash and cash equivalents, were S\$13.9 million as at 30 September 2014. This represented an increase of S\$6.2 million from S\$7.7 million as at 31 March 2014. The increase was mainly due to increase in cash and cash equivalent of S\$4.7 million and increases in trade and other receivables of S\$0.4 million, increase in prepayment of S\$0.8 million and increase in inventories of S\$0.4 million.

Trade and other receivables comprised amounts due from customers, rental deposits and down payment paid to suppliers. The increase of trade and other receivable from S\$0.2 million as at 31 March 2014 to S\$0.5 million as at 30 September 2014 was mainly due to increase in other receivables of S\$0.3 million, being down payment paid to suppliers.

Prepayments were S\$1.1 million as at 30 September 2014, an increase of S\$0.8 million from S\$0.3 million as at 31 March 2014. The increase was mainly due to deposit payment for purchase of new property, plant and equipment and tribute payment.

Current liabilities which comprised trade and other payables and finance lease payables were S\$1.7 million as at 30 September 2014, a decrease of S\$31.2 million from S\$32.9 million as at 31 March 2014. The decrease was due mainly to the full conversion of Convertible Bonds of S\$23.3 million in 2Q2015, decrease in finance lease payables of S\$0.3 million, decrease in bank overdraft of S\$1.3 million and decrease of trade and other payables of S\$6.3 million.

Trade and other payables comprised other payables and accruals of S\$0.8 million, while S\$0.6 million related to trade payables as at 30 September 2014.

The decrease in other payables of S\$6.7 million from S\$7.5 million as at 31 March 2014 to S\$0.8 million as at 30 September 2014 was mainly due to settlement of the Convertible Bonds Settlement Amount and as a result, a reversal of amount due to Trittech Group Limited.

The Group had net current assets of S\$12.2 million as at 30 September 2014 as a result of increase in cash and cash equivalents and decrease in other payables.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash used in operating activities amounted to S\$2.3 million in 1H2015. The decrease in the net cash used in operating activities in 1H2015 was mainly due to working capital inflow from trade and other payables as a result of a conversion of the Convertible Bonds, which had previously been reclassified to trade and other payables, into the Company's shares in conjunction with the Company's listing on 30 July 2014. Net cash of S\$0.4 million used in investing activities in 1H2015 was mainly for the purchase of new property, plant and equipment.

Net cash of S\$9.3 million generated from financing activities in 1H2015 was mainly due to increase in the cash inflows from the Company's net proceeds from issuance of shares of S\$9.4 million and reduction of fixed deposit pledged of S\$0.09 million, offset by repayment of finance lease obligations of S\$0.43 million and interest payment of S\$0.37 million.

As at 30 September 2014, the Group had cash and cash equivalents amounting to S\$8.6 million, an increase of S\$6.1 million from S\$2.5 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.

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 11 September 2014.

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 operation of our Kelantan Marble Quarry is progressing smoothly. The operation is ongoing at Hill 1, Hill 2A and Hill 2B. Hill 1 has started the marble extraction works since August 2014. Market response indicates that the new marble from Hill 1, the Kelantan Black Spotted White, will be more sought after. Hence some resources from Hill 2A were transferred to Hill 1 to speed up the production. In this regards, Hill 2A marble extraction works are expected to commence in June 2015 instead of the previously planned, November 2014. To date, the marble quality extracted are meeting or exceeding the expectation. We have made progress in the marketing and promotion of our marble and expect our revenue to grow.

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

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

None.

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

(Optional) Rate (%)

Not applicable.

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

(Optional) Rate (%)

None.

- (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 2Q2015.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT") 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 does not have a general mandate from its shareholders for IPTs. Other than those disclosed in the Offer Document, there was no IPT of S\$100,000 and above in 2Q2015.

14. Update on use of IPO proceeds

As at the date of this announcement, the net proceeds raised from the IPO had been utilised by the Group according to the intended uses as follow:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Expansion of production capacity and processing facilities	1,000	308	692
Working Capital	5,996	1,819 ⁽¹⁾	4,177
TOTAL	6,996	2,127	4,869

(1) The amount allocated for working capital had been utilized mainly for the payment of salary and wages and staff related costs of S\$1.02 million, purchase of materials of S\$0.47 million, payment to subcontractor of S\$0.18 million, rental office of S\$0.11 million and other expenses of S\$0.03 million.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

15. Rule 705(6)(a) of the Catalist Listing Manual

i. Use of funds/cash for the quarter:-

In 2Q2015, funds/cash was mainly used for the following production activities:-

Purpose	Amount (\$'000) Actual Usage	Amount (\$'000) Projected Usage
Excavation and production activities	456	519
Payments for property, plant and equipment	521	524
Royalty and tributes fees	12	12
Upkeep of equipment and motor vehicles	33	46
General working capital	866	883
Total	1,888	1,984

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 October 2014 to 31 December 2014 ("3Q2015"), the Group's use of fund/cash for production activities are expected to be as follows:-

Purpose	Amount (\$'000) Projected Usage
Excavation and production activities	497
Payments for property plant and equipment	259
Royalty and tributes fees	12
Upkeep of equipment and motor vehicles	18
General working capital	680
Total	1,466

Principal Assumptions

Projected uses of funds/cash for certain items, including, but not limited to payments for excavation and production activities, and royalty and tribute fees payable will vary according to the Group's actual rate of production of marble. Accordingly, in the event that the Group's actual rate of production of marble changes, the Group's use of funds/cash for production activities will change as well.

16. Rule 705(6)(b) of the Catalist Listing Manual

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

17. Rule 705(7)(a) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Gua Musang Quarry		
Hill 2B	Excavation Gross Volume (m ³)	Production of marble block (m ³)
July 2014	5,000	1,200
August 2014	2,800	640
September 2014	6,200	1,500

Hill 2A	Remarks
July 2014	Platform development works. Removal of about 3,000m ³ of stones
August 2014	Platform development works. Removal of about 3,500m ³ of stones
September 2014	Platform development works. Removal of about 3,500m ³ of stones

Hill 1	Remarks
July 2014	Platform development works. Removal of about 3,000m ³ of stones.
August 2014	Platform development works. Removal of about 3,000m ³ of stones. Extraction of 25m ³ of marble block.
September 2014	Platform development works. Removal of about 3,000m ³ of stones. Extraction of 30m ³ of marble block.

Total cash used for excavation and production activities at Gua Musang Quarry was S\$0.46 million in 2Q2015.

18. Rule 705(7)(b) of the Catalist Listing Manual

Update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

The qualified person's report ("QPR") on the marble resources and ore reserve estimates as at 31 March 2014 is contained in the Offer Document. Soft copy of the offer document is available for download on the SGXNET.

There were no material updates on the QPR as at 30 September 2014.

19. Confirmation pursuant to Rule 705(5) of the Catalist 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 six months financial period ended 30 September 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Loh Chang Kaan

Chief Executive Officer and Executive Director

13 November 2014