



TERRATECH GROUP LIMITED

(Company Registration No: CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact person for the Sponsor is Mr Joseph Au, Senior Manager, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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.

	Three month ended 30 June		
	2016	2015	Change
	(unaudited) S\$'000	(unaudited) S\$'000	%
Revenue	3,564	2,531	41
Cost of sales	(3,529)	(2,440)	45
Gross profit	35	91	(62)
<i>Other items of income</i>			
Other income	63	83	(24)
<i>Other items of expenses</i>			
Distribution expenses	(27)	(38)	(29)
Administrative expenses	(848)	(1,583)	(46)
Finance costs	(2)	(11)	(82)
Loss before income tax	(779)	(1,458)	(47)
Income tax expense	-	-	-
Loss after income tax	(779)	(1,458)	(47)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	(58)	247	n.m.
Other comprehensive income/(loss) for the financial period, net of tax	(58)	247	n.m.
Total comprehensive loss for the financial year	(837)	(1,211)	(86)
Profit/(Loss) attributable to:			
Owners of the parent	(794)	(1,474)	(46)
Non-controlling interest	15	16	(6)
Total comprehensive profit/(loss) attributable to:	(779)	(1,458)	(47)
Owners of the parent	(850)	(1,225)	(31)
Non-controlling interest	13	14	(7)
	(837)	(1,211)	(31)

n.m. denotes not meaningful or > 100%

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)

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

	Three months ended 30 June		
	2016	2015	Change
	(unaudited) S\$'000	(unaudited) S\$'000	%
Other income			
Reversal on provision for impairment of other receivables	61	-	100
Sundry income	2	83	(98)
Cost of sales, distribution, administrative and other expenses			
Depreciation of property, plant and equipment	(167)	(168)	(1)
Amortisation of intangible assets	(5)	(5)	-
Operating lease expense	-	(35)	(100)
Interest expense	(2)	(11)	(82)
Foreign exchange loss	(2)	(508)	n.m.

n.m. denotes not meaningful or > 100%

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 30.06.16	As at 31.03.16	As at 30.06.16	As at 31.03.16
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	5,377	5,435	-	-
Intangible assets	681	690	-	-
Goodwill	1,261	1,299	-	-
Investments in subsidiaries	-	-	32,573	32,573
	7,319	7,424	32,573	32,573
Current assets				
Inventories	3,814	3,819	-	-
Trade receivables	2,564	1,540	-	-
Amounts due from contract customers	68	120	-	-
Prepayments, deposits and other receivables	2,115	999	33	43
Due from related companies	-	10	-	-
Due from a subsidiary	-	-	6,799	6,169
Cash and cash equivalents	1,709	793	1,073	3
	10,270	7,281	7,905	6,215
Current liabilities				
Trade payables	2,401	767	-	-
Other payables and accruals	2,625	2,778	804	1,003
Amount due to ultimate holding company	-	365	-	365
Amounts due to contract customers	77	79	-	-
Finance lease payables	146	157	-	-
	5,249	4,146	804	1,368
Net current assets	5,021	3,135	7,101	4,847
Non-current liability				
Finance lease payables	-	27	-	-
	-	27	-	-
Net assets	12,340	10,532	39,674	37,420
Capital and reserves				
Share capital	8,925	6,150	8,925	6,150
Reserves	3,351	4,331	30,749	31,270
Equity attributable to owners of the parent	12,276	10,481	39,674	37,420
Non-controlling interest	64	51	-	-
Total equity	12,340	10,532	39,674	37,420

- 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 30.06.16		As at 31.03.16	
	(unaudited)		(audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	146	-	157	365
Amount repayable after one year	-	-	27	-
	146	-	184	365

Note:

The secured amount of banking facilities of the Group in 1Q2017 relates to finance lease obligations which is secured by the lessor's title to the leased assets.

The unsecured amount of S\$0.36 million in prior year relates to interest free loan from Trittech Group Limited which had been settled in 1Q2017.

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.

Unaudited

Operating activities:

	30.06.16 S\$'000	30.06.15 S\$'000
Loss before income tax	(779)	(1,458)
Adjustments for:		
Amortisation of intangible assets	5	5
Depreciation of property, plant and equipment	167	168
Interest expense	2	11
Reversal on impairment loss of other receivable	(61)	-
Operating cash flows before working capital changes	(666)	(1,274)

Working capital changes:

Inventories	5	(69)
Trade receivables	(1,025)	186
Prepayments, deposits and other receivables	(1,055)	608
Trade payables	1,635	362
Other payables and accruals	(152)	367
Amounts due from contract customers	50	(95)
Amount due from related companies	10	218
Cash from/(used) in operations	(1,198)	303
Interest paid	(2)	(11)
Income tax refund	-	-
Net cash from/(used in) operating activities	(1,200)	292

Investing activities:

Purchases of property, plant and equipment	(179)	(115)
Net cash used in investing activities	(179)	(115)

Financing activities:

Proceeds from issue of shares	2,774	-
Share issue expenses	(130)	-
Loan from ultimate holding company	(365)	-
Repayments of finance lease obligations	(38)	(86)
Net cash from/(used in) financing activities	2,241	(86)

Net change in cash and cash equivalents	862	(91)
Cash and cash equivalents at beginning of financial period	793	2,888
Currency translation differences	54	62
Cash and cash equivalents at end of financial period	1,709	2,859

Cash and cash equivalents comprised:

	Group Financial period ended	
	30.06.16 (Unaudited) S\$'000	30.06.15 (Unaudited) S\$'000
Fixed deposit with bank	-	99
Cash and bank balances	1,709	2,859
	1,709	2,958
Fixed deposit pledged	-	(99)
Cash and cash equivalents on consolidated statement of cash flow	1,709	2,859

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	Share premium	Other reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)								
Balance at 1.4.2016	6,150	39,545	157	185	(35,556)	10,481	51	10,532
Issue of new share	2,775	-	-	-	-	2,775	-	2,775
Share Issue expenses	-	(130)	-	-	-	(130)	-	(130)
Profit/(Loss) for the financial period	-	-	-	-	(794)	(794)	15	(779)
Other comprehensive income for the financial period								
Foreign currency differences on translation of foreign operations	-	-	-	(56)	-	(56)	(2)	(58)
Total comprehensive loss for the financial period	-	-	-	(56)	(794)	(850)	13	(837)
Total transactions with owners of the parent	-	-	-	-	-	-	-	-
Balance at 30.06.2016	8,925	39,415	157	129	(36,350)	12,276	64	12,340

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	Share premium	Other reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)								
Balance at 1.4.2015	6,150	39,545	157	635	(32,009)	14,478	130	14,608
Profit/(Loss) for the financial period	-	-	-	-	(1,474)	(1,474)	16	(1,458)
Other comprehensive income for the financial period								
Foreign currency differences on translation of foreign operations	-	-	-	249	-	249	(2)	247
Total comprehensive loss for the financial period	-	-	-	249	(1,474)	(1,225)	14	(1,211)
Total transactions with owners of the parent	-	-	-	-	-	-	-	-
Balance at 30.06.2015	6,150	39,545	157	884	(33,483)	13,253	144	13,397

- 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	Share premium	Other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (unaudited)					
Balance at 1.04.2016	6,150	39,545	157	(8,432)	37,420
Issue of new share	2,775	-	-	-	2,775
Share issue expenses	-	(130)	-	-	(130)
Loss for the financial period	-	-	-	(391)	(391)
Total comprehensive loss for the financial period	-	-	-	(391)	(391)
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.06.2016	8,925	39,415	157	(8,823)	39,674

	Share capital	Share premium	Other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (unaudited)					
Balance at 1.4.2015	6,150	39,545	157	(6,696)	39,156
Loss for the financial period	-	-	-	(385)	(385)
Total comprehensive income for the financial period	-	-	-	(385)	(385)
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2015	6,150	39,545	157	(7,081)	38,771

- 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.

Ordinary shares

	Number of issued shares	Share capital S\$
As at 31 March 2016	615,042,003	6,150,420
Placement of shares	68,500,000	2,774,250
As at 30 June 2016	683,542,003	8,924,670

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

The Company had on 21 April 2016, allotted and issued an aggregate of 68,500,000 new shares following the completion of the placement ("Placement"). The total number of issued shares as at 30 June 2016 has increased from 615,042,003 shares to 683,542,003 shares.

- 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 30.06.16	As at 31.03.16
Total number of issued shares excluding treasury shares	683,542,003	615,042,003

- 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 year 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 Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2016.

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

In the current reporting period, the Group adopted all of the new or revised International Financial Reporting Standards ("IFRS") 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 IFRS 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. Loss 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.

	Three Months Ended	
	30.06.16 (Unaudited)	30.06.15 (Unaudited)
(a) Basic loss per ordinary share (SGD cents)	(0.12)	(0.24)
(b) Diluted loss per ordinary share (SGD cents)	(0.12)	(0.24)

- (a) Basic loss per share of the Group for the three months ended 30 June 2016 are calculated based on the weighted average number of ordinary shares in issue of 668,487,058 after adjusted for the increase in issued shares arising from the Placement.

Basic loss per share of the Group for the three months ended 30 June 2015 are calculated based on the actual number of ordinary shares in issue of 615,042,003.

- (b) Diluted loss per share for the three months ended 30 June 2016 and 30 June 2015 is the same as the basic loss per share as there were no potentially dilutive securities as at 30 June 2016 and 30 June 2015.

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	
	30.06.16 (Unaudited)	31.03.16 (Audited)	30.06.16 (Unaudited)	31.03.16 (Audited)
Net asset value per ordinary share based on issued share capital (SGD cents)	1.81	1.71	5.80	6.08

The net asset value per ordinary share of the Group and the Company as at 30 June 2016 was calculated based on the total issued number of ordinary shares (excluding treasury shares) of 683,542,003.

The net asset value per ordinary share of the Group and the Company as at 31 March 2016 was calculated based on the total issued number of ordinary shares (excluding treasury shares) of 615,042,003.

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 STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

Financial period ended 30 June 2016 ("1Q2017") vs financial period ended 30 June 2015 ("1Q2016")

The Group's revenue increased by S\$1.03 million from S\$2.53 million in 1Q2016 to S\$3.56 million in 1Q2017. The Group's revenue continues to derive mainly from its PRC operation, 陕西恒宇建筑装饰工程有限公司 ("Hengyu"). Hengyu is a licensed provider of interior and exterior decoration work services for construction projects in the PRC and is currently the main platform by which the Group has been promoting and marketing its marble and marble-related products in the PRC since its acquisition by the Group.

The Group's gross profit decreased by S\$0.05 million from S\$0.09 million in 1Q2016 to S\$0.04 million in 1Q2017 due to rising cost of sales arising from higher sub-contracting costs.

Other income decreased by S\$0.02 million from S\$0.08 million in 1Q2016 to S\$0.06 million in 1Q2017 due to lower foreign exchange gain recognised in 1Q2017.

Distribution costs decreased by S\$0.01 million from S\$0.04 million in 1Q2016 to S\$0.03 million in 1Q2017 due to lower export cost incurred in 1Q2017.

Administrative expenses decreased by S\$0.73 million from S\$1.58 million in 1Q2016 to S\$0.85 million in 1Q2017, mainly due to the cost cutting measures implemented by the Management and reclassification of unrealized foreign exchange loss to foreign currency translation reserve.

As a result of the aforementioned, the Group recorded a lower net loss of S\$0.78 million in 1Q2017 as compared to a net loss of S\$1.46 million in 1Q2016.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by S\$0.10 million to S\$7.32 million as at 30 June 2016 from S\$7.42 million as at 31 March 2016. The decrease was mainly due to depreciation and amortisation charges of S\$0.17 million and an exchange realignment loss of S\$0.11 million on property, plant and equipment and goodwill respectively. The decrease was partially offset by the addition in property, plant and equipment of S\$0.18 million.

Current assets increased by S\$2.99 million from S\$7.28 million as at 31 March 2016 to S\$10.27 million as at 30 June 2016. The increase was mainly due to increase in trade receivables of S\$1.02 million due to higher revenue generated in 1Q2017, increase in prepayment, deposits and other receivables of S\$1.12 million due to down payment made to suppliers and increase in cash and cash equivalents of S\$0.92 million arising from the proceeds received from the Placement.

Current liabilities increased by S\$1.10 million from S\$4.15 million as at 31 March 2016 to S\$5.25 million as at 30 June 2016. The increase was mainly due to increase in trade payables of S\$1.63 million, which was partially offset by decrease in other payables and accruals of S\$0.15 million (comprising accrual of management salaries, director fee and professional fees) and repayment of amount due to holding company amounting to S\$0.36 million.

Non-current liability decreased by S\$0.03 million due to repayment of finance lease.

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 (continued)

Share capital increased by S\$2.78 million from S\$6.15 million as at 31 March 2016 to S\$8.93 million as at 30 June 2016. The increase was a result of the new shares issued pursuant to the Placement.

As a result, the Group had net assets of S\$12.3 million as at 30 June 2016.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash used in operating activities of S\$1.2 million in 1Q2017 was mainly due to negative operating cash flows before working capital changes of S\$0.67 million after taking into account the changes in working capital arising from decrease in inventories of S\$0.005 million, increase in trade receivables of S\$1.03 million, increase in prepayment, deposits and other receivables of S\$1.06 million, increase in trade payables of S\$1.64 million, decrease in other payables and accruals of S\$0.15 million, decrease in amounts due from contract customers of S\$0.05 million and decrease in amount due from related companies of S\$0.01 million.

Net cash used in investing activities of S\$0.18 million in 1Q2017 was due to the purchase of property, plant and equipment.

Net cash flows generated from financing activities of S\$2.24 million in 1Q2017 was due to proceeds received from the Placement of S\$2.77 million, which was partially offset against payment of share issue expenses of S\$0.13 million, repayment of loan due to holding company of S\$0.36 million and repayment of finance lease obligations amounting to S\$0.04 million.

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 prospect statement has 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.

In FY2017 the Group will continue making efforts in managing quarry operations, production and marketing. The Group is continuing its marble extraction works at Hill 2B and marble platform expansion and block extraction works at Hill 2A. Hill 1 marble extraction works had been put on hold since January 2016 to focus on exploring resources on Hill 2B and Hill 2A.

Towards its long term goal of sustainable growth, the Group is making concerted efforts to reduce cost to improve the product margin and has proposed to acquire ("Proposed Acquisition") the entire issued share capital of Capital City Property Sdn Bhd ("Capital City"), which will provide alternative growth prospect via property development market in Malaysia. The Proposed Acquisition will constitute a reverse takeover transaction and the Company will make further announcements as and when there are material updates to the Proposed Acquisition.

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 1Q2017.

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. There was no IPT with value of more than S\$100,000 entered into during the financial period.

14. Update on use of proceeds

The following table sets out the breakdown of the use of proceeds raised from the Placement as at the date of announcement:

	Amount Allocated S\$'000		Amount Re-allocated (Note A) S\$'000		Amount Utilised S\$'000	Balance S\$'000
To explore investments, acquisitions, strategic alliance and/or joint ventures	1,611	60%	805	30%	26 ⁽¹⁾	779
General working capital	1,074	40%	1,880	70%	1,426 ⁽²⁾	454
TOTAL	2,685	100%	2,685	100%	1,452	1,233

Note A: The Company has re-allocated approximately S\$806,000 from exploration of investments, acquisitions, strategic alliance and/or joint ventures to general working capital.

(1) The amount allocated for exploration of investments, acquisitions, strategic alliance and/or joint ventures had been utilized for the expenses incurred on the Proposed Acquisition.

(2) The amount allocated for working capital had been utilized mainly for the payment to subcontractor of S\$0.37 million, other expenses of S\$0.70 million and payment of holding company advances of S\$0.36 million.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

Use of funds/cash for the quarter:-

In 1Q2017, funds/cash was mainly used for the following production activities:-

Purpose	Amount (\$'000) Actual Usage	Amount (\$'000) Projected Usage	Amount (\$'000) Variance	Remarks
Excavation and production activities	138	131	7	
Payments for property, plant and equipment	220	189	31	(a)
Royalties and tributes fee	17	28	(11)	(b)
Upkeep of equipment and motor vehicles	48	40	8	
General working capital	335	307	28	(c)
Total	758	695	63	

- The increase in actual payments for property, plant and equipment was due to payment of outstanding development costs brought forward from previous quarter.
- The decrease in actual payments of royalty and tribute fees was due to accrual of payments to be made in next quarter.
- The increase in actual expenditure for general working capital was mainly due to payment of outstanding expenses brought forward from previous quarter.

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

For the next immediate quarter (financial period from 1 July 2016 to 30 September 2016 ("2Q2017")), 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	169
Payments for property plant and equipment	161
Royalty and tribute fees	10
Upkeep of equipment and motor vehicles	41
General working capital	257
Total	638

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 inter-alia the Group's rate of sales of marble. Accordingly, in the event that the Group's actual rate of sales of marble changes, the Group's use of funds/cash for production activities will change as well.

16. Rule 705(6)(b) of the Catalyst 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 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)
April 2016	3,300	423
May 2016	2,400	368
June 2016	1,700	316

Hill 2A		
April 2016	3,700	-
May 2016	7,300	-
June 2016	6,200	-

Hill 1*		
April 2016	-	-
May 2016	-	-
June 2016	-	-

Total cash used for excavation and production activities at Gua Musang Quarry was S\$0.14 million in 1Q2017.

* Marble extraction works in Hill 1 had been put on hold since January 2016 to focus on excavation and extraction of resources in Hill 2A and Hill 2B.

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 updated marble resources and ore reserve estimates as at 31 March 2016 is contained in the Annual Report for the financial year ended 31 March 2016 ("Annual Report FY2016"). Soft copy of the Annual Report FY2016 is available for download on the SGXNET.

There were no material updates as at 31 March 2016 following the despatch of the QPR.

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 three months financial period ended 30 June 2016 to be false or misleading in any material aspect.

20. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company has procured undertakings from all its directors and executive officer under Rule 720 (1).

BY ORDER OF THE BOARD

Dr. Loh Chang Kaan

Chief Executive Officer and Executive Director

11 August 2016