



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 2015

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 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 Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

For the purpose of this announcement, the comparative financial results of the Group for 1Q2015 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 2014.

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		
	2015	2014	Change
	(unaudited) S\$'000	(unaudited) S\$'000	%
Revenue	2,531	10	n.m.
Cost of sales	(2,440)	(406)	n.m.
Gross profit/(loss)	91	(396)	n.m.
<i>Other items of income</i>			
Other income	83	90	(8)
<i>Other items of expenses</i>			
Distribution expenses	(38)	(51)	(25)
Administrative expenses	(1,583)	(1,059)	49
Other expenses	-	(416)	n.m.
Finance costs	(11)	(315)	(97)
Loss before income tax	(1,458)	(2,147)	(32)
Income tax credit/(expense)	-	-	
Loss after income tax	(1,458)	(2,147)	(32)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	247	24	n.m.
Other comprehensive income/(loss) for the financial period, net of tax	247	24	n.m.
Total comprehensive loss for the financial period/year	(1,211)	(2,123)	(43)
Loss attributable to:			
Owners of the parent	(1,474)	(2,147)	(31)
Non-controlling interest	16	-	n.m.
	(1,458)	(2,147)	(32)
Total comprehensive loss attributable to:			
Owners of the parent	(1,225)	(2,123)	(42)
Non-controlling interest	14	-	n.m.
	(1,211)	(2,123)	(43)

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)

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

	Three months ended 30 June		
	2015	2014	Change
	(unaudited) S\$'000	(unaudited) S\$'000	%
Other income			
Sundry income	83	90	(8)
Cost of sales, distribution, administrative and other expenses			
Depreciation of property, plant and equipment	(168)	(147)	14
Fair value loss of derivative financial instruments - transactions not qualifying as hedges	-	(416)	n.m.
Amortisation of intangible assets	(5)	(6)	(17)
Operating lease expense	(35)	(36)	(3)
Interest expense	(11)	(315)	(97)
Foreign exchange loss	(508)	-	n.m.

n.m. denotes 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 30.6.15	As at 31.3.15	As at 30.6.15	As at 31.3.15
	(unaudited) S\$'000	(audited) S\$'000	(unaudited) S\$'000	(audited) S\$'000
Non-current assets				
Property, plant and equipment	5,415	5,536	-	-
Intangible assets	709	719	-	-
Goodwill	1,363	1,363	-	-
Investments in subsidiaries	-	-	24,543	24,543
Prepayments	365	378	-	-
	<u>7,852</u>	<u>7,996</u>	<u>24,543</u>	<u>24,543</u>
Current assets				
Inventories	3,516	3,517	-	-
Trade receivables	732	932	2	-
Amounts due from contract customer	365	274	-	-
Prepayments, deposits and other receivables	742	1,374	246	205
Due from a fellow subsidiary	-	223	-	-
Due from a subsidiary	-	-	13,636	12,808
Fixed deposit pledged	99	99	-	-
Cash and cash equivalents	2,859	2,888	922	2,066
	<u>8,313</u>	<u>9,307</u>	<u>14,806</u>	<u>15,079</u>
Less :				
Current liabilities				
Trade payables	652	304	-	69
Other payables and accruals	1,469	1,653	578	397
Bank borrowing	331	336	-	-
Finance lease payables	170	218	-	-
	<u>2,622</u>	<u>2,511</u>	<u>578</u>	<u>466</u>
Net current assets	<u>5,691</u>	<u>6,796</u>	<u>14,228</u>	<u>14,613</u>
Non-current liability				
Finance lease payables	146	184	-	-
	<u>146</u>	<u>184</u>	<u>-</u>	<u>-</u>
Net assets	<u>13,397</u>	<u>14,608</u>	<u>38,771</u>	<u>39,156</u>
Capital and reserves				
Share capital	6,150	6,150	6,150	6,150
Reserves	7,103	8,328	32,621	33,006
Equity attributable to owners of the parent	<u>13,253</u>	<u>14,478</u>	<u>38,771</u>	<u>39,156</u>
Non-controlling interest	144	130	-	-
Total equity	<u>13,397</u>	<u>14,608</u>	<u>38,771</u>	<u>39,156</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.

	Group			
	As at 31.06.15		As at 31.03.15	
	(unaudited)		(audited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	170	331	218	336
Amount repayable after one year	146	-	184	-
	316	331	402	336

Note:

The banking facilities of the Group comprised bank borrowing and finance lease obligations. The finance lease obligations are secured by the lessors' title to the leased assets together with the fixed deposits. The banking facilities are supported by corporate guarantees provided by the holding company, certain subsidiaries of the holding company and personal guarantees given by the directors of a subsidiary.

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	
	30.6.15	30.6.14 (Restated)
	S\$'000	S\$'000
Unaudited		
Operating activities:		
Loss before income tax	(1,458)	(2,147)
Adjustments for:		
Amortisation of intangible assets	5	6
Depreciation of property, plant and equipment	168	147
Fair value loss on derivative financial instruments	-	416
Interest expense	11	315
Operating cash flows before working capital changes	(1,274)	(1,263)
Working capital changes:		
Inventories	(69)	(39)
Trade receivables	186	32
Prepayments, deposits and other receivables	608	(325)
Amounts due from contract customer	(95)	-
Amount due from a fellow subsidiary	218	-
Trade payables	362	(89)
Other payables and accruals	367	47
Amount due to immediate holding company	-	2,084
Cash from operations	303	447
Interest paid	(11)	(16)
Income tax refund	-	17
Net cash from operating activities	292	448
Investing activities:		
Purchases of property, plant and equipment	(115)	(257)
Fixed deposit pledged	-	92
Net cash used in investing activities	(115)	(165)
Financing activity:		
Repayments of finance lease obligations	(86)	(312)
Net cash used in financing activity	(86)	(312)
Net change in cash and cash equivalents	(91)	(29)
Cash and cash equivalents at beginning of financial period	2,888	2,505
Currency translation differences	62	10
Cash and cash equivalents at end of financial period	2,859	2,486

Cash and cash equivalents comprise:

	Group	
	Financial year ended	
	30.6.15	30.6.14
	S\$'000	S\$'000
Unaudited		
Fixed deposit with bank	99	99
Cash and bank balances	2,859	3,131
	2,958	3,230
Bank overdrafts	-	(645)
Fixed deposit pledged	(99)	(99)
Cash and cash equivalents on consolidated statement of cash flow	2,859	2,486

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Share premium S\$'000	Other reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interest S\$'000	Total equity S\$'000
Group (unaudited)								
Balance at 1.4.2015	6,150	39,545	157	635	(32,009)	14,478	130	14,608
Loss for the financial year	-	-	-	-	(1,474)	(1,474)	16	(1,458)
Other comprehensive income for the financial year								
Foreign currency differences on translation of foreign operations	-	-	-	249	-	249	(2)	247
Total comprehensive loss for the financial year	-	-	-	249	(1,474)	(1,225)	14	(1,211)
Total transactions with owners of the parent	-	-	-	-	-	-	-	-
Balance at 30.6.2015	6,150	39,545	157	884	(33,483)	13,253	144	13,397
 Balance at 1.4.2014	430	-	90	117	(19,745)	(19,108)	-	(19,108)
Loss for the financial year	-	-	-	-	(2,147)	(2,147)	-	(2,147)
Other comprehensive income for the financial year								
Foreign currency differences on translation of foreign operations	-	-	-	24	-	24	-	24
Total comprehensive loss for the financial year	-	-	-	24	(2,147)	(2,123)	-	(2,123)
Contributions by and distributions to owners of the parent								
Issuance of share from restructuring exercise	4,300	-	-	-	-	4,300	-	4,300
Adjustment arising from restructuring exercise	(430)	-	-	-	-	(430)	-	(430)
Total transactions with owners of the parent	-	-	-	-	-	3,870	-	3,870
Balance at 30.6.2014	4,300	-	90	141	(21,892)	(17,361)	-	(17,361)

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 S\$'000	Share premium S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total S\$'000
Company (unaudited)					
Balance at 1.4.2015	6,150	39,545	157	(6,696)	39,156
Loss for the financial year	-	-	-	(385)	(385)
Total comprehensive loss for the financial year	-	-	-	(385)	(385)
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2015	6,150	39,545	157	(7,081)	38,771
Balance at 1.4.2014	*	-	-	(518)	(518)
Loss for the financial year	-	-	-	(179)	(179)
Total comprehensive loss for the financial year	-	-	-	(179)	(179)
Contributions by and distributions to owners of the parent					
Issuance of share from restructuring exercise	4,300	-	-	-	4,300
Total transactions with owners of the parent	4,300	-	-	-	4,300
Balance at 30.6.2014	6,150	-	-	(697)	3,603

* 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.

Ordinary shares

	Number of issued shares	S\$
As at 31 March 2015	615,042,003	6,150,420
As at 30 June 2015	615,042,003	6,150,420

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2015. The Company did not have any treasury shares as at 30 June 2014. The Company had outstanding convertible bonds as at 30 June 2014 which were converted to 136,324,003 shares of the Company on 15 July 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 30.06.15	As at 31.03.15
Total number of issued shares excluding treasury shares	615,042,003	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 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 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 2015.

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. 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.

	Three Months Ended	
	30.06.15	30.06.14
(a) Basic loss per ordinary share (SGD cents)	(0.24)	(0.50)
(b) Diluted loss per ordinary share (SGD cents)	(0.24)	(0.50)

- (a) 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.

Basic loss per share of the Group for the three months 30 June 2014 are calculated based on the weighted average number of ordinary shares in issue of 430,000,000. For illustrative purpose, the issued and paid up capital of the Group of 430,000,000 ordinary shares is on the assumption that the restructuring exercise had been completed on 1 April 2014.

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

Diluted loss per share for the three months ended 30 June 2014 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:-

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

	Group		Company	
	30.06.15	31.03.15	30.06.15	31.03.15
Net asset value per ordinary share based on issued share capital (SGD cents)	2.15	2.35	6.30	6.37

The net asset value per ordinary share of the Group and the Company as at 30 June 2015 and 31 March 2015 were 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.

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

Financial period ended 30 June 2015 ("1Q2016") vs financial period ended 30 June 2014 ("1Q2015")

The Group's revenue increased by S\$2.52 million from S\$0.01 million in 1Q2015 to S\$2.53 million in 1Q2016. The increase was due to marble sales of S\$0.09 million and interior & decoration revenue of S\$2.43 million from 陕西恒宇建筑装饰工程有限公司 ("Hengyu") which was acquired by the Group in December 2014.

The Group reverted from a gross loss of S\$0.4 million in 1Q2015 to a gross profit of S\$0.09 million in 1Q2016. This was mainly due to the increased revenue contribution from its PRC operations in 1Q2016.

With an one-off professional fees incurred in connection with the IPO of S\$0.4 million in 1Q2015, the Group's administrative expenses increased by S\$0.52 million from S\$1.06 million in 1Q2015 to S\$1.58 million in 1Q2016. The increase in administrative expenses was mainly due to an increase in depreciation of S\$0.02 million, foreign exchange loss of S\$0.5 million due to depreciation of Malaysian Ringgit against Singapore Dollar, salaries and related expenses of S\$0.29 million; and professional fees and directors fees of S\$0.08 million and S\$0.03 million respectively incurred for being a listed entity.

The Group's other expenses decreased from S\$0.4 million in 1Q2015 to S\$Nil in 1Q2016, mainly due to the absence of fair value loss on the convertible bonds, which had since been converted in connection with the Company's listing on the Catalist in July 2014.

The Group's finance costs decreased by S\$0.31 million from S\$0.32 million in 1Q2015 to S\$0.01 million in 1Q2016, as interest payments ceased to accrue on the convertible bonds for reason as explained above.

As a result of the aforementioned, the Group recorded a net loss of S\$1.47 million in 1Q2016 as compared to a net loss of S\$2.15 million in 1Q2015.

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 decreased by S\$0.14 million to S\$7.86 million as at 30 June 2015 from S\$8.0 million as at 31 March 2015. The decrease was mainly due to purchase of property, plant and equipment of S\$0.12 million, partially offset with the depreciation charge of S\$0.17 million and an exchange realignment loss of S\$0.09 million.

Current assets decreased by S\$1 million from S\$9.3 million as at 31 March 2015 to S\$8.3 million as at 30 June 2015. The decrease was mainly due to the decrease in trade receivables of S\$0.2 million, decrease in prepayment, deposit and other receivables of S\$0.6 million and decrease in amount due from a fellow subsidiary of S\$0.2 million, arising from settlement of amount due during the financial period.

Current liabilities increased by S\$0.11 million from S\$2.51 million as at 31 March 2015 to S\$2.62 million as at 30 June 2015. The increase was mainly due to increase in trade payables of S\$0.34 million and partially offset by decrease in other payables and accruals of S\$0.18 million and finance lease payables of S\$0.05 million.

Non-current liabilities decreased by S\$0.04 million from S\$0.18 million as at 31 March 2015 to S\$0.14 million as at 30 June 2015. The decrease was due to repayments of finance lease payables during the financial period.

As a result, the Group had net assets of S\$13.4 million as at 30 June 2015.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash from operating activities of S\$0.3 million in 1Q2016 was mainly due to negative operating cash flows before working capital changes in 1Q2016 of S\$1.27 million after taking into account of the changes in working capital arising from increase in inventories of S\$0.07 million, decrease in trade receivables of S\$0.2 million, decrease in prepayment, deposits and other receivables of S\$0.6 million, increase in amounts due from contract customer of S\$0.1 million, decrease in amount due from a fellow subsidiary of S\$0.2 million and increase in trade payables of S\$0.3 million and increase in other payables and accruals of S\$0.3 million.

Net cash used in investing activities of S\$0.12 million in 1Q2016 was due to the purchase of property, plant and equipment of S\$0.12 million.

Net cash flows used in financing activity of S\$0.09 million in 1Q2016 was due to repayments of finance lease payables of S\$0.09 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.

The Group has slowed down marble extraction work at Hill 2B as the Group has already built up a significant stockpile of the purplish white marble blocks extracted from this hill. Instead, the Group has shifted its resources to Hill 1 and Hill 2A. Hill 1 platform is expected to be ready for marble extraction sometime in October 2015. Hill 2A marble pre-stripping platform development work is on-going and the marble extraction works had commenced in June 2015. As a result of the foregoing developments, there was less marble block production for the period from April 2015 to 30 June 2015. To date, the marble quality extracted are meeting or exceeding expectations.

As announced on 30 July 2015, the Group's subsidiary, Hengyu was awarded a RMB240 million supply and decoration contract for a property development project in Beijing, People's Republic of China (the "Contract"). The commencement date of the Contract is in early September 2015 and the expected project duration is 365 days from the date of commencement. As such, the Contract will contribute positively to the Group's revenue for the current financial year ending 31 March 2016.

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 1Q2016.

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 IPO proceeds

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

	Amount Before Reallocation S\$'000	Amount After Reallocation S\$'000	Utilised S\$'000	Balance S\$'000
Expansion of production capacity and processing facilities	1,000	1,000	1,000	-
Working Capital	5,996	3,916	3,916 ⁽¹⁾	-
Business Expansion	-	2,080	2,080 ⁽²⁾	-
TOTAL	6,996	6,996	6,996	-

- (1) The amount allocated for working capital had been utilized mainly for the payment of salary and wages and staff related costs of S\$1.756 million, purchase of materials of S\$1.06 million, payment to subcontractor of S\$0.31 million, rental office of S\$0.18 million and other expenses of S\$0.61 million.
- (2) The amount allocated for business expansion had been utilized for the acquisition of 80% equity interests in Hengyu as defined in the Company's announcement on 5 January 2015.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

Use of funds/cash for the quarter:-

In 1Q2016, 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	194	284	(90)	(a)
Payments for property, plant and equipment	109	42	67	(b)
Royalty and tributes fees	8	12	(4)	
Upkeep of equipment and motor vehicles	30	11	19	
General working capital	327	600	(273)	(c)
Total	668	949	(281)	

- a) Actual expenditure for excavation and production activities decreased due mainly to capitalisation of part of the pre-production stripping costs to property, plant and equipment.
- b) Actual payments for property, plant and equipment increased due mainly to capitalisation of pre-production stripping costs which were previously not budgeted.
- c) Actual general working capital decreased due mainly to expenditure incurred being lower than previously budgeted as the Group had fully settled some of the hire purchase payables which were originally included in 1Q2016 budget.

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 2015 to 30 September 2015 ("2Q2016"), 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	182
Payments for property plant and equipment	344
Royalty and tributes fees	11
Upkeep of equipment and motor vehicles	16
General working capital	275
Total	828

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 of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention for 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 2015	-	-
May 2015	100	-
June 2015	1,500	214

Hill 2A		
April 2015	3,800	-
May 2015	3,600	-
June 2015	5,000	-

Hill 1		
April 2015	5,300	-
May 2015	3,000	-
June 2015	1,500	-

Total cash used for excavation and production activities at Gua Musang Quarry was S\$0.2 million in 1Q2016.

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 2015 is contained in the Annual Report for the financial year ended 31 March 2015 ("Annual Report FY2015"). Soft copy of the Annual Report FY2015 is available for download on the SGXNET.

There were no material updates as at 31 March 2015 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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Loh Chang Kaan

Chief Executive Officer and Executive Director

14 August 2015