



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 FINANCIAL YEAR ENDED 31 MARCH 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 financial results of the Group for financial year ended 31 March 2015 ("FY2015") and the comparative financial results of the Group for financial year ended 31 March 2014 ("FY2014") as well as the financial results of the Group for three months ended 31 March 2015 ("4Q2015"), 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 month ended 31 March			Financial year ended 31 March		
	2015 (unaudited) S\$'000	2014 (unaudited) S\$'000	Change %	2015 (unaudited) S\$'000	2014 (unaudited) S\$'000	Change %
Revenue	2,037	158	n.m	4,415	158	n.m
Cost of sales	(1,219)	(2,692)	(55)	(4,741) ⁽¹⁾	(2,692) ⁽¹⁾	76
Gross profit/(loss)	818	(2,534)	(132)	(326)	(2,534)	(87)
Other items of income						
Other income	-	53	n.m	243	84	n.m
Other items of expenses						
Distribution expenses	(48)	99	(148)	(177)	(94)	88
Administrative expenses	(830)	(1,459)	(43)	(6,630)	(4,977)	33
Other expenses	(11,485)	516	n.m	(3,194)	(5,199)	(39)
Finance costs	(325)	(945)	(66)	(714)	(2,199)	(68)
Loss before income tax	(11,870)	(4,270)	178	(10,798)	(14,919)	(28)
Income tax credit/(expense)	-	-	-	-	-	-
Loss after income tax	(11,870)	(4,270)	178	(10,798)	(14,919)	(28)
Other comprehensive income:						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	260	(20)	n.m	493	126	n.m
Other comprehensive income/(loss) for the financial period, net of tax	260	(20)	n.m	493	126	n.m
Total comprehensive loss for the financial period/year	(11,610)	(4,290)	166	(10,305)	(14,793)	(31)
Loss attributable to:						
Owners of the parent	(11,812)	(4,270)	177	(10,740)	(14,919)	(28)
Non-controlling interest	(58)	-	n.m	(58)	-	n.m
	(11,870)	(4,270)	178	(10,798)	(14,919)	(28)
Total comprehensive loss attributable to:						
Owners of the parent	(11,552)	(4,290)	169	(10,247)	(14,793)	(31)
Non-controlling interest	(58)	-	n.m	(58)	-	n.m
	(11,610)	(4,290)	171	(10,305)	(14,793)	(30)

n.m. denotes not meaningful

⁽¹⁾ Cost of sales included initial quarry development cost expense off during the financial year under review.

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:

	Group					
	Three months ended 31 March			Financial year ended 31 March		
	2015 (unaudited) S\$'000	2014 (unaudited) S\$'000	Change %	2015 (unaudited) S\$'000	2014 (unaudited) S\$'000	Change %
Other income						
Sundry income	-	53	n.m.	243	84	189
Cost of sales, distribution, administrative and other expenses						
Depreciation of property, plant and equipment	(184)	(198)	(7)	(638)	(578)	10
Fair value gain/(loss) of derivative financial instruments - transactions not qualifying as hedges	11,801	(551)	n.m.	(3,002)	(5,081)	(41)
Amortisation of intangible assets	(11)	(10)	10	(25)	(28)	(11)
Operating lease expense	(120)	(22)	445	(223)	(118)	89
Provision of impairment loss on trade receivables	(192)	-	n.m.	(192)	-	n.m.
Interest expense	(325)	(944)	(66)	(714)	(2,199)	(68)

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 31.3.15	As at 31.3.14	As at 31.3.15	As at 31.3.14
	S\$'000	S\$'000	S\$'000	S\$'000
Unaudited				
Non-current assets				
Property, plant and equipment	5,520	5,386	-	-
Investments in subsidiaries	-	-	24,543	-
Prepayments and deposits	378	394	-	-
Intangible assets	2,069	738	-	-
	<u>7,967</u>	<u>6,518</u>	<u>24,543</u>	<u>-</u>
Current assets				
Inventories	2,511	867	-	-
Trade and other receivables	2,655	603	12,923	4
Amounts due from contract customer	274	-	-	-
Fixed deposit pledged	99	191	-	-
Cash and cash equivalents	2,888	3,775	2,066	-
	<u>8,427</u>	<u>5,436</u>	<u>14,989</u>	<u>4</u>
Less :				
Current liabilities				
Trade and other payables	1,739	7,865	466	522
Bank borrowing	336	-	-	-
Bank overdraft	-	1,286	-	-
Convertible bonds	-	23,040	-	-
Finance lease payables	218	659	-	-
	<u>2,293</u>	<u>32,850</u>	<u>466</u>	<u>522</u>
Net current assets / (liabilities)	<u>6,134</u>	<u>(27,414)</u>	<u>14,523</u>	<u>(518)</u>
Non-current liabilities				
Finance lease payables	(184)	(402)	-	-
	<u>(184)</u>	<u>(402)</u>	<u>-</u>	<u>-</u>
Net assets / (liabilities)	<u>13,917</u>	<u>(21,298)</u>	<u>39,066</u>	<u>(518)</u>
Capital and reserves				
Share capital	6,150	430	6,150	*
Reserves	7,637	(21,728)	32,916	(518)
Equity attributable to owners of the parent	<u>13,787</u>	<u>(21,298)</u>	<u>39,066</u>	<u>(518)</u>
Non-controlling interest	130	-	-	-
Total equity	<u>13,917</u>	<u>(21,298)</u>	<u>39,066</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.

Unaudited	Group			
	As at 31.03.15		As at 31.03.14	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable within one year	218	336	24,123 ⁽¹⁾	1,286
Amount repayable after one year	184	-	402	-
	402	336	24,525	1,286

Note:

(1) The secured amounts owing as at 31 March 2014 included the fair value of the convertible bonds issued by Terratech Resources Pte. Ltd. ("Terratech Resources") (the "Convertible Bonds"), under which the aggregate principal amount 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 Settlement Amount") then owing by Terratech Resources to the Company was subsequently settled and satisfied by way of the issue and allotment of 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.

The banking facilities of the Group comprised bank borrowing, bank overdraft 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 ultimate holding company, certain subsidiary and personal corporate guarantee 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.

Unaudited	Group Three months ended		Group Financial year ended	
	31.3.15 S\$'000	31.3.14 S\$'000	31.3.15 S\$'000	31.3.14 S\$'000
Operating activities:				
Loss before income tax	(11,870)	(4,270)	(10,798)	(14,919)
Adjustments for:				
Amortisation of intangible assets	11	10	25	28
Depreciation of property, plant and equipment	184	198	638	578
Fair value loss / (gain) on derivative financial instruments	11,801	(551)	3,002	5,081
Write-off of an item of property, plant and equipment	-	-	-	83
Provision of impairment loss on inventories	-	-	-	34
Provision of impairment loss on trade receivables	192	-	192	-
Share based compensation expenses	157	-	157	-
Interest income	(2)	(83)	(2)	-
Interest expense	325	944	714	2,199
Operating cash flows before working capital changes	798	(3,752)	(6,072)	(6,916)
Working capital changes:				
Inventories	(889)	2,033	(1,639)	290
Trade and other receivables	559	456	(819)	(416)
Amounts due from contract customer	(256)	-	(256)	-
Trade and other payables	(403)	1,543	4,015	2,475
Cash (used in) / from operations	(191)	280	(4,771)	(4,567)
Interest paid	(27)	42	(27)	(19)
Income tax refund	(67)	-	-	-
Interest received	2	-	2	-
Net cash from / (used in) operating activities	(283)	322	(4,796)	(4,586)
Investing activities:				
Purchases of property, plant and equipment	(347)	(484)	(808)	(1,100)
Fixed deposit pledged	-	-	92	-
Acquisition of subsidiary, net of cash acquired	(1,993)	-	(1,993)	-
Net cash used in investing activities	(2,340)	(484)	(2,709)	(1,100)
Financing activities:				
Repayments of finance lease obligations	(103)	(198)	(659)	(784)
Adjustment on share issue expense	(804)	-	-	-
Proceeds from issuance of shares, net of expenses	-	-	8,628	-
Interest paid	264	(72)	(125)	(672)
Net cash from / (used in) financing activities	(643)	(270)	7,844	(1,456)
Net change in cash and cash equivalents	(3,266)	(432)	339	(7,142)
Cash and cash equivalents at beginning of financial period/year end	6,381	3,132	2,489	9,663
Currency translation differences	(227)	(211)	60	(32)
Cash and cash equivalents at end of financial period/year end	2,888	2,489	2,888	2,489

Cash and cash equivalents comprise:

Unaudited

Fixed deposit with bank
Cash and bank balances

Bank overdrafts
Fixed deposit pledged

Cash and cash equivalents on consolidated statement of cash flow

Group	
Financial year ended	
31.3.15	31.3.14
S\$'000	S\$'000
99	191
2,888	3,775
2,987	3,966
-	(1,286)
(99)	(191)
2,888	2,489

Acquisition of a subsidiary

The provisional fair value of assets acquired and liabilities assumed during the financial year were as follows:

Unaudited

Net assets acquired
Non-controlling interest
Goodwill
Purchase consideration
Less: cash and cash equivalents of a subsidiary acquired
Net cash outflow on acquisition

Group	
Financial year ended	
31.3.15	31.3.14
S\$'000	S\$'000
940	-
(188)	-
1,363 ⁽¹⁾	-
2,115	-
122	-
1,993	-

(1) The goodwill is the provisional and will be retrospectively adjusted when the PPA report is finalised.

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 1.4.2014	430	-	90	155	(21,973)	(21,298)	-	(21,298)
Loss for the financial year	-	-	-	-	(10,740)	(10,740)	(58)	(10,798)
Other comprehensive income for the financial year								
Foreign currency differences on translation of foreign operations	-	-	-	493	-	493	-	493
Total comprehensive loss for the financial year	-	-	-	493	(10,740)	(10,247)	(58)	(10,305)
Contributions by and distributions to owners of the parent								
Issuance of share pursuant to the restructuring exercise	4,300	4,019	-	-	-	8,319	-	8,319
Issuance of Conversion Shares to Pre-IPO Investors	1,363	25,665	-	-	-	27,028	-	27,028
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing	52	1,148	-	-	-	1,200	-	1,200
Issuance of new placement shares	435	9,570	-	-	-	10,005	-	10,005
Less: Share issuance expenses	-	(1,377)	-	-	-	(1,377)	-	(1,377)
Adjustment arising from restructuring exercise	(430)	430	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	188	188
Equity component - deemed contribution transferred to retained earnings	-	-	(90)	-	90	-	-	-
Contribution from parent - equity settled share options	-	-	157	-	-	157	-	157
Total transactions with owners of the parent	5,720	39,455	157	-	90	45,332	188	45,520
Balance at 31.3.2015	6,150	39,455	157	648	(32,623)	13,787	130	13,917

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 reserve	Foreign currency translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)					
Balance at 1.4.2013	430	90	29	(7,054)	(6,505)
Loss for the financial year	-	-	-	(14,919)	(14,919)
Other comprehensive income for the financial year					
Foreign currency differences on translation of foreign operations	-	-	126	-	126
Total comprehensive loss for the financial year	-	-	126	(14,919)	(14,793)
Contributions by and distributions to owners of the parent					
	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 31.3.2014	430	90	155	(21,973)	(21,298)

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 1.4.2014	*	-	-	(518)	(518)
Loss for the financial year	-	-	-	(6,178)	(6,178)
Total comprehensive loss for the financial year	-	-	-	(6,178)	(6,178)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Issuance of share pursuant to the restructuring exercise	4,300	4,449			8,749
Issuance of Conversion Shares to Pre-IPO Investors	1,363	25,665	-	-	27,028
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing	52	1,148	-	-	1,200
Issuance of new placement shares	435	9,570	-	-	10,005
Less : Share issuance expenses	-	(1,377)	-	-	(1,377)
Contribution from parent - equity settled share options	-	-	157	-	157
Total transactions with owners of the parent	6,150	39,455	157	-	45,762
Balance at 31.3.2015	6,150	39,455	157	(6,696)	39,066

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

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)

Company (unaudited)	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance at 1.4. 2013	*	-	-
Loss for the financial year	-	(518)	(518)
Total comprehensive loss for the financial year	-	(518)	(518)
Contributions by and distributions to owners of the parent	-	-	-
Total transactions with owners of the parent	-	-	-
Balance at 31.3.2014	*	(518)	(518)

* 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 December 2014	615,042,003	6,150,420	(1)
As at 31 March 2015	615,042,003	6,150,420	

(1) Share capital previously reported as S\$35,175,177 was due to reclassification of S\$29,024,757 in 3Q2015 to share premium in 4Q 2015.

The Company did not have any any outstanding options, convertibles or treasury shares during and as at 31 March 2015 and 31 March 2014.

- 1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31.03.15	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 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.

	Group			
	Three Months Ended		Financial Year Ended	
	31.03.15	31.03.14	31.03.15	31.03.14
(a) Basic loss per ordinary share (SGD cents)	(1.92)	(0.70)	(1.75)	(2.43)
(b) Diluted loss per ordinary share (SGD cents)	(1.92)	(0.70)	(1.75)	(2.43)

(a) Basic loss per share of the Group for the three months and financial year ended 31 March 2015 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 financial year ended 31 March 2014 are calculated based on the weighted average number of ordinary shares in issue of 615,042,003, which were assumed to have been in issue throughout the financial year ended 31 March 2014.

(b) Diluted loss per share for the three months and financial year ended 31 March 2015 and 31 March 2014 are the same as the basic loss per share as there is no potentially dilutive securities as at 31 March 2015 and 31 March 2014.

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

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

	Group		Company	
	31.03.15	31.03.14	31.03.15	31.03.14
Net asset value per ordinary share based on issued share capital (SGD cents)	2.24	(3.46)	6.35	(0.08)

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

4Q2015 vs 4Q2014

The Group's revenue increased by S\$1.9 million from S\$0.1 million in 4Q2014 to S\$2 million in 4Q2015. The increase was due to higher marble sales by S\$1.6 million and contribution of S\$0.3 million from the recent acquisition of 陕西恒宇建筑装饰工程有限公司 ("Hengyu") during the financial period under review.

The Group reverted from a gross loss of S\$2.5 million in 4Q2014 to a gross profit of S\$0.8 million in 4Q2015. This was mainly due to the increased revenue contribution from its PRC operations in 4Q2015 as a result of higher demand of our marble and related products. It is also partially due to a revision of lower unit cost of marble block which was previously not capitalized as inventory cost during the financial year.

The Group's administrative expenses decreased by S\$0.6 million from S\$1.4 million in 4Q2014 to S\$0.8 million in 4Q2015. The decrease in administrative expenses was mainly due to a one-off professional fees incurred in connection with the IPO of S\$1million in 4Q2014 and partially offset against the increase in salaries and related expenses; and professional fees and directors fees incurred for being a listed entity.

The Group's other expenses increased by approximately S\$12 million in 4Q2015 to S\$11.5 million as compared to 4Q2014 of S\$0.4 million due mainly to the fair value loss on financial liabilities designated at fair value through profit or loss amounting to S\$3 million and reversal of fair value gain on derivative financial instruments of S\$9 million recognised in 3Q2015 which was reclassified to share premium in 4Q2015.

The Group's finance costs decreased by S\$0.6 million from S\$0.9 million in 4Q2014 to S\$0.3 million in 4Q2015, mainly due to the conversion of the Convertible Bonds in conjunction with the IPO and as such, interest payments ceased to accrue on the Convertible Bonds.

As a result of the aforementioned, the Group recorded a net loss of S\$11.9 million in 4Q2015 as compared to a net loss of S\$4.3 million in 4Q2014.

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\$8 million as at 31 March 2015, an increase of S\$1.5 million from S\$6.5 million as at 31 March 2014. The increase was mainly due to goodwill arising from the acquisition of Hengyu during the financial year.

Current assets increased by S\$3 million from S\$5.4 million as at 31 March 2014 to S\$8.4 million as at 31 March 2015. The increase in inventories by \$1.6 million was mainly due to the increase in the inventory of marble products in PRC and a revision of lower unit cost of marble block which was previously not capitalized as inventory cost during the financial year. Increase in trade and other receivables by S\$2.1 million was mainly due to increase in trade receivables of S\$0.9 million as a result of higher sales of marble and related product in PRC in 4Q2015, other receivables increase of S\$1.2 million was mainly due to increase in advances from customer contributed from Hengyu. The increase of S\$0.3 million due from contract customers was mainly due to the recognition of revenue from Hengyu in 4Q2015. The increase was partially offset by decrease in cash and cash equivalents of S\$0.9 million and fixed deposit pledged of S\$0.1 million.

Current liabilities decreased by S\$30.8 million from S\$32.8 million as at 31 March 2014 to S\$2.3 million as at 31 March 2015. The decrease was mainly due to the decrease in convertible bonds of S\$23 million from S\$23 million as at 31 March 2014 to S\$Nil as at 31 March 2015 was mainly due to full conversion of Convertible Bonds in 2Q2015 in conjunction with the IPO, decrease in bank overdraft of S\$1.3 million, finance lease payables of S\$0.4 million and decrease of trade and other payables of S\$6.1 million. The decrease in trade and other payables of S\$6.1 million from S\$7.9 million as at 31 March 2014 to S\$1.7 million as at 31 March 2015 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 decrease was partially offset by increase in bank borrowing of S\$0.3 million.

Non-current liabilities decreased by S\$0.2 million from S\$0.4 million as at 31 March 2014 to S\$0.2 million as at 31 March 2015. The decrease was mainly due to repayments of finance lease payables during the financial year.

As a result, the Group had net assets of S\$13.9 million as at 31 March 2015.

REVIEW OF STATEMENT OF CASH FLOWS

Net cash used in operating activities of S\$0.3 million in 4Q2015 was mainly due to operating cash flows before working capital changes in 4Q2015 of S\$0.8 million after taking into account of the changes in working capital arising from increase in inventories, decrease in trade and other receivable, increase in amount due from customer and decrease in trade and other payables of S\$0.9 million, S\$0.6million, S\$0.3 million and S\$0.4 million.

Net cash used in investing activities of S\$2.3 million in 4Q2015 was mainly due to the acquisition of Hengyu for S\$2 million and purchase of property, plant and equipment of S\$0.3 million.

Net cash flows used in financing activities of S\$0.6 million in 4Q2015 was mainly due to adjustment for the increase in capitalization of cost of issuance of new shares reported in 2Q 2015.

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 February 2015.

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.

Since the listing of Terratech Group Limited on 30 July 2014, the management has been making continuous efforts in managing quarry operations, production and marketing. 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. Marble extraction works started in Hill 1 since August 2014, however as the block recovery rate for marble blocks at the present platform was not satisfactory, the Group decided to develop a new platform at Hill 1 at a different location. This new 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 are expected to commence sometime in June 2015. As a result of the foregoing developments, there was no marble block production for the period from January 2015 to 31 March 2015. To date, the marble quality extracted are meeting or exceeding expectations.

For the purpose of marketing our marble products better, we had acquired an 80% stake in Hengyu in Xi'an Shanxi, People's Republic of China ("PRC") on 10 December 2014. Hengyu's existing business is focused on undertaking interior and exterior decoration works for large property development projects in the PRC. The successful acquisition of Hengyu will enable the Group to leverage on its business reach for marble sales in PRC.

Hengyu's existing licences, management, track record and clientele, in particular to gain immediate access to the property developers and infrastructure/public buildings developments or projects by local governments in the PRC for the sale of the Group's marble products. With this acquisition, the Group has established a complete value chain of marble resource-products-decoration services, which enables us to provide a quality one-stop service to large property developers and infrastructure/public developments or projects by local government in the PRC, and better position us for the development of our business.

In addition to the acquisition of Hengyu, the Group is also in the process of negotiating to acquire a group of companies, 宜兴市美联常弛石业有限公司 ("Meilian Changchi"), 宜兴市新弛石业有限公司 ("Xinchi") and 上海美联常弛国际贸易有限公司 ("Shanghai Meilian Changchi") (collectively the "Meilian Changchi companies"), as previously announced on 28 January 2015. Such acquisition, if it materializes, will enable the Group to extend its business into the marble tiles market, using the Group's smaller blocks as the raw material, and with a focus on the US market. The Company will update shareholders as and when there are any further developments relating to this proposed acquisition.

However, PRC, being the main target market of the Group, has experienced considerable economic slowdown since the beginning of year 2015. The demand for property developments has deteriorated significantly and the government has also slowed down or delayed the public buildings/infrastructure development or projects. This has, and will continue, to affect the demand for marble related products in PRC, including our Group marble business for the next 6 to 12 months. In this regard, the Company will explore various options to cushion the impact of such falling demand, including marketing of our products to other countries.

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 the fourth quarter ended 31 March 2015.

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 fourth quarter ended 31 March 2015.

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:

	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	788	212
Working Capital	5,996	3,916	3,885 ⁽¹⁾	31
Business Expansion	-	2,080	2,080 ⁽²⁾	-
TOTAL	6,996	6,996	6,753	243

(1) The amount allocated for working capital had been utilized mainly for the payment of salary and wages and staff related costs of S\$1.72 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENTS

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited manual financial statements, with comparative information for the immediately preceding year.

The Group's revenue and contribution to consolidated results are mainly derived from its sale of marble and marble related products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Accordingly, no segment is presented.

Geographical information

Revenue information based on geographical location of customers are as follows:

	31 March 2015 S\$'000	31 March 2014 S\$'000
Singapore	-	28
Malaysia	155	-
PRC	4,260	130
	<u>4,415</u>	<u>158</u>

Non-current assets information based on the geographical location of assets is as follows:

	31 March 2015 S\$'000	31 March 2014 S\$'000
Singapore	5,513	4,393
Malaysia	2,390	2,120
PRC	64	5
	<u>7,967</u>	<u>6,518</u>

Non-current assets information presented above consist of intangible assets, property, plant and equipment and prepayments as presented in the statements of financial position.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Not applicable, there is no operating segment reported.

17. A breakdown of sales as follows:

	31 March 2015 S\$'000	31 March 2014 S\$'000	Change %
Group			
a) Revenue			
-first half year	42	-	n.m
-second half year	4,373	158	n.m
	<u>4,415</u>	<u>158</u>	n.m
b) Operating loss after tax before deducting non-controlling interest			
-first half year	(5,892)	(3,775)	56
-second half year	(4,906)	(11,144)	(56)
	<u>(10,798)</u>	<u>(14,919)</u>	(28)

n.m. denotes not meaningful

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

Not applicable.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such person, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive director or substantial shareholder of the Company.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

Use of funds/cash for the quarter:-

In 4Q2015, funds/cash was mainly used for the following production activities:-

Purpose	Amount (\$'000) Actual Usage	Amount (\$'000) Projected Usage
Excavation and production activities	253	460
Payments for property, plant and equipment	25	156
Royalty and tributes fees	12	16
Upkeep of equipment and motor vehicles	46	20
General working capital	473	804
Total	809	1,456

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

For the next immediate quarter (financial period from 1 April 2015 to 30 June 2015 ("1Q2016"), 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	284
Payments for property plant and equipment	42
Royalty and tributes fees	12
Upkeep of equipment and motor vehicles	11
General working capital	600
Total	949

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.

21. Rule 705(6)(b) of the Catalyst 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.

22. Rule 705(7)(a) of the Catalyst 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.

4Q 2015			Cumulative 1Q 2015 to 3Q 2015		Total	
Gua Musang Quarry						
Hill 2B	Excavation Gross Volume (m ³)	Production Gross Volume (m ³)	Excavation Gross Volume (m ³)	Production of marble block (m ³)	Excavation Gross Volume (m ³)	Production of marble block (m ³)
January 2015	-	-	43,600	6,372	45,100	6,372
February 2015	-	-				
March 2015	1,500	-				

Hill 2A

January 2015	-	-	30,500	-	32,000	-
February 2015	-	-				
March 2015	1,500	-				

Hill 1

January 2015	4,200	-	28,500	-	46,370	-
February 2015	3,070	-				
March 2015	10,600	-				

Total cash used for excavation and production activities at Gua Musang Quarry was S\$0.25 million in 4Q2015.

23. 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.

The Company will provide updates on its reserves and resources in due course, in particular, in accordance with Rules 1204(23) of the Listing Manual (Section B: Rules of Catalist) of the SGX-ST, which requires the inclusion of a qualified person's report dated no earlier than the end of the Company's financial year, and a summary of reserves and resources as set out in Appendix 7D in its annual report for the financial year ended 31 March 2015.

BY ORDER OF THE BOARD

Dr. Loh Chang Kaan

Chief Executive Officer and Executive Director

29 May 2015