



TRITECH GROUP LIMITED

(Company Registration No: 200809330R)

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 SEPTEMBER 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 Catalyst. 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.

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PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Second quarter ended 30 September			Half year ended 30 September		
	2016	2015	Change	2016	2015	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	17,445	24,750	(29.5)	37,001	46,645	(20.7)
Cost of sales	(13,462)	(20,793)	(35.3)	(29,521)	(38,617)	(23.6)
Gross profit	3,983	3,957	0.7	7,480	8,028	(6.8)
Other income	165	365	(54.8)	390	825	(52.7)
Distribution expenses	(332)	(322)	3.1	(642)	(644)	(0.3)
Administrative expenses	(4,006)	(3,788)	5.8	(7,859)	(8,278)	(5.1)
Other expenses	(1,684)	(1,329)	26.7	(3,256)	(2,902)	12.2
Finance costs	(955)	(896)	6.6	(1,906)	(1,752)	8.8
Loss before income tax	(2,829)	(2,013)	40.5	(5,793)	(4,723)	22.7
Income tax refund/(expenses)	105	(2)	n.m.	71	(2)	n.m.
Loss after income tax	(2,724)	(2,015)	35.2	(5,722)	(4,725)	21.1
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	62	(408)	n.m.	(619)	(511)	21.1
Total comprehensive income for the financial period	(2,662)	(2,423)	9.9	(6,341)	(5,236)	21.1
Loss attributable to:						
Owners of the parent	(2,204)	(2,019)	9.2	(4,828)	(4,199)	15.0
Non-controlling interests	(520)	4	n.m.	(894)	(526)	70.0
	(2,724)	(2,015)	35.2	(5,722)	(4,725)	21.1
Total comprehensive income attributable to:						
Owners of the parent	(2,122)	(2,090)	1.5	(5,311)	(4,463)	19.0
Non-controlling interests	(540)	(333)	62.2	(1,030)	(773)	33.2
	(2,662)	(2,423)	9.9	(6,341)	(5,236)	21.1

n.m. not meaningful

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

	Second quarter ended 30 September			Half year ended 30 September		
	2016	2015	Change	2016	2015	Change
	(Unaudited) \$'000	(Unaudited) \$'000	%	(Unaudited) \$'000	(Unaudited) \$'000	%
Other income						
Bad debts recovered	-	153	n.m.	-	153	n.m.
Gain on disposal of property, plant and equipment	64	12	n.m.	86	43	100.0
Interest income	-	3	n.m.	6	8	(25.0)
Rental income	67	34	97.1	140	98	42.9
Sundry income	34	22	54.5	97	382	(74.6)
Reversal of allowance for doubtful trade receivables	-	141	n.m.	-	141	n.m.
Reversal of allowance for doubtful on other receivables	-	-	-	61	-	n.m.
Cost of sales, distribution, administrative and other operating expenses						
Depreciation of property, plant and equipment	(1,331)	(1,344)	(1.0)	(2,726)	(2,733)	(0.3)
Amortisation of land use right	(14)	(16)	(12.5)	(29)	(31)	(6.5)
Amortisation of intangible assets	(22)	(56)	(60.7)	(44)	(111)	(60.4)
Amortisation of mining rights	(77)	(59)	30.5	(153)	(118)	29.7

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	As at	As at	As at
	30/09/2016	31/03/2016	30/09/2016	31/03/2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	64,474	64,496	1,596	1,613
Investments in subsidiaries	-	-	76,911	76,891
Land use right	2,586	2,672	-	-
Mining rights	14,046	14,200	-	-
Intangible assets	3,273	3,363	-	-
Deferred tax assets	221	132	-	-
	<u>84,600</u>	<u>84,863</u>	<u>78,507</u>	<u>78,504</u>
Current assets				
Inventories	8,292	6,871	-	-
Trade and other receivables	17,362	13,734	20,673	21,094
Amounts due from contract customers	49,886	45,760	-	-
Tax recoverable	29	35	-	-
Prepayments	1,906	2,815	31	47
Cash and bank balances	8,342	12,307	1,806	2,490
	<u>85,817</u>	<u>81,522</u>	<u>22,510</u>	<u>23,631</u>
Less:				
Current liabilities				
Trade and other payables	41,882	33,873	5,185	4,825
Amounts due to contract customers	1,994	3,113	-	-
Bank borrowings	16,003	15,600	4,716	4,701
Finance lease payables	3,315	2,634	-	-
Derivative component of convertible loans	104	104	104	104
Loans from shareholders	6,670	6,739	6,291	6,291
Current income tax payable	875	759	171	171
	<u>70,843</u>	<u>62,822</u>	<u>16,467</u>	<u>16,092</u>
Net current assets	<u>14,974</u>	<u>18,700</u>	<u>6,043</u>	<u>7,539</u>
Non-current liabilities				
Bank borrowings	1,842	2,523	1,842	2,452
Finance lease payables	3,558	3,872	-	-
Liability component of convertible loans	8,306	7,680	8,306	7,680
Deferred tax liabilities	6,480	6,533	637	637
	<u>20,186</u>	<u>20,608</u>	<u>10,785</u>	<u>10,769</u>
Net assets	<u>79,388</u>	<u>82,955</u>	<u>73,765</u>	<u>75,274</u>
Equity				
Share capital	69,866	69,866	69,866	69,866
Reserves	(571)	4,740	3,899	5,408
Total equity attributable to owners of the parent	<u>69,295</u>	<u>74,606</u>	<u>73,765</u>	<u>75,274</u>
Non-controlling interests	10,093	8,349	-	-
Total equity	<u>79,388</u>	<u>82,955</u>	<u>73,765</u>	<u>75,274</u>

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

	As at 30 September 2016		As at 31 March 2016	
	Secured (Unaudited) \$'000	Unsecured (Unaudited) \$'000	Secured (Audited) \$'000	Unsecured (Audited) \$'000
Amount repayable within one year	19,126	6,862	18,074	6,899
Amount repayable after one year	13,706	-	14,075	-
	<u>32,832</u>	<u>6,862</u>	<u>32,149</u>	<u>6,899</u>

The borrowings of the Group comprised bank guarantees facilities, finance lease obligations, term loans, 10% interest bearing shareholder loan (of \$1.3 million) and a non-interest bearing shareholder loan (of \$5.3 million). The bank guarantees are secured by fixed deposits placed with the financial institutions and corporate guarantee from the Company. The finance lease obligations are secured by the lessors' title to the leased assets and corporate guarantee from the Company.

The term loans are secured by:-

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

Convertible Loans

On 21 September 2014, the Company had entered into a convertible loans agreement ("CLA") with certain individuals (the "Lenders"), for the grant by the Lenders of interest-bearing convertible loans of up to \$20,000,000 in aggregate principal amount to the Company. A maximum of up to 149,783,546 new ordinary shares comprising loan conversion shares and interest conversion shares of the Company are to be issued based on the loan conversion price of \$0.21 and minimum interest conversion price of \$0.11 for each new share. On 28 October 2014, the Company had drawn down \$10,000,000 of the convertible loans.

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

	Second quarter ended		Half year ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Loss before taxation	(2,829)	(2,013)	(5,793)	(4,723)
Adjustments for:				
Amortisation of intangible assets	22	56	44	111
Amortisation of mining rights	77	59	153	118
Amortisation of land use rights	14	16	29	31
Bad debts recovered	-	(153)	-	(153)
Depreciation of property, plant and equipment	1,331	1,344	2,726	2,733
Gain on disposal of property, plant and equipment	(64)	(12)	(86)	(43)
Interest income	-	(3)	(6)	(8)
Interest expense	389	405	780	774
Interest expense - convertible loan	566	491	1,126	978
Property, plant and equipment written off	3	-	3	-
Reversal of allowance for doubtful trade receivables	-	(141)	-	(141)
Reversal of allowance for doubtful other receivables	-	-	(61)	-
Operating cash flow before working capital changes	(491)	49	(1,085)	(323)
Working capital changes:				
Inventories	(1,045)	(4,785)	(1,421)	(994)
Trade and other receivables	(4,093)	5,509	(7,694)	(7,126)
Prepayments	238	455	909	2,389
Trade and other payables	6,387	4,601	6,890	10,537
Cash generated from/(used in) operations	996	5,829	(2,401)	4,483
Income taxes refund/(paid)	24	212	(2)	(36)
Interest received	-	3	6	8
Net cash generated from / (used in) operating activities	1,020	6,044	(2,397)	4,455
Cash flows from investing activities				
Purchase of property, plant and equipment	(378)	(989)	(2,012)	(3,153)
Proceeds from disposal of property, plant and equipment	83	17	123	89
Net cash used in investing activities	(295)	(972)	(1,889)	(3,064)
Cash flows from financing activities				
Decrease/(increase) in fixed deposit pledged	1,357	(6)	1,378	(6)
Proceeds from bank borrowings	-	445	1,522	445
Loans from shareholders	81	2,371	81	4,971
Repayments of bank borrowings	(338)	(1,573)	(1,651)	(2,526)
Repayments of convertible loan interests	-	-	(500)	-
Repayments of finance lease obligations	(856)	(744)	(1,471)	(1,520)
Repayments of shareholder loan	-	-	(150)	-
Proceeds from issuance of placement shares	-	-	2,774	-
Interest paid	(389)	(405)	(780)	(774)
Net cash (used in)/generated from financing activities	(145)	88	1,203	590
Net change in cash and cash equivalents	580	5,160	(3,083)	1,981
Cash and cash equivalents at beginning of financial period	2,516	9,487	5,261	11,525
Currency translation differences	(272)	(556)	646	585
Cash and cash equivalents at end of financial period	2,824	14,091	2,824	14,091
Cash and cash equivalents comprise:				
	Half year ended			
	30/09/2016	30/09/2015		
	(Unaudited)	(Unaudited)		
Fixed deposits	3,539	5,213		
Cash and bank balances	4,803	16,115		
Cash and cash equivalents	8,342	21,328		
Bank overdraft	(1,995)	(2,485)		
Fixed deposit pledged	(3,523)	(4,752)		
Cash and cash equivalents in the consolidated cash flow statement	2,824	14,091		

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.

	Attributable to owners of the Company									
	Share capital	Equity component of convertible loans	Gain on disposals to non-controlling interests	Employee share award reserve	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
FY2017 Group (Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	69,866	2,108	34,951	-	11,111	(166)	(46,453)	71,417	10,633	82,050
Loss for the financial period	-	-	-	-	-	-	(2,204)	(2,204)	(520)	(2,724)
<u>Other comprehensive income</u>										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	82	-	82	(20)	62
Total comprehensive income for the financial period	-	-	-	-	-	82	(2,204)	(2,122)	(540)	(2,662)
At 30 September 2016	69,866	2,108	34,951	-	11,111	(84)	(48,657)	69,295	10,093	79,388

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.

Attributable to owners of the Company

FY2016 Group (Unaudited)	Share capital	Equity component of convertible loans	Gain on disposals to non-controlling interests	Employee share award reserve	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2015	68,673	2,108	34,951	708	11,111	3,023	(29,315)	91,259	9,196	100,455
Loss for the financial period	-	-	-	-	-	-	(2,019)	(2,019)	4	(2,015)
<u>Other comprehensive income</u>										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(71)	-	(71)	(337)	(408)
Total comprehensive income for the financial period	-	-	-	-	-	(71)	(2,019)	(2,090)	(333)	(2,423)
<u>Contributions by and distributions to owners</u>										
Conversion of share awards	694	-	-	(694)	-	-	-	-	-	-
Cancellation of share awards	-	-	-	(14)	-	-	14	-	-	-
Total contributions by and distributions to owners	694	-	-	(708)	-	-	14	-	-	-
At 30 September 2015	69,367	2,108	34,951	-	11,111	2,952	(31,320)	89,169	8,863	98,032

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

Company (Unaudited)	Share capital	Employee share award reserve	Equity component of convertible loans	Asset revaluation reserve	Accumulated profits/(losses)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	69,866	-	2,108	925	1,628	74,527
Loss for the financial period	-	-	-	-	(762)	(762)
Total comprehensive income for the financial period	-	-	-	-	(762)	(762)
Total contributions by and distributions to owners	-	-	-	-	-	-
At 30 September 2016	69,866	-	2,108	925	866	73,765
At 1 July 2015	68,673	708	2,108	925	5	72,419
Loss for the financial period	-	-	-	-	(756)	(756)
Total comprehensive income for the financial period	-	-	-	-	(756)	(756)
Contributions and distributions to owners						
Conversion of share awards	694	(694)	-	-	-	-
Cancellation of share awards	-	(14)	-	-	14	-
Total contributions by and distributions to owners	694	(708)	-	-	14	-
At 30 September 2015	69,367	-	2,108	925	(737)	71,663

(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of the changes in the issued and paid-up capital of the Company from 30 June 2016 ("1Q2017") to the three months ended 30 September 2016 ("2Q2017") were as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 30 June 2016	791,865,686	69,866,463
Issued and fully paid ordinary shares as at 30 September 2016	791,865,686	69,866,463

Warrants

As at 30 September 2016, there were 386,574,593 bonus warrants allotted and issued, each warrant carrying the right to subscribe for one new share of the Company at an exercise price of \$0.20 for each new share. As at 30 September 2015, there were 386,574,593 warrants.

Performance Share Plan

The Company did not make any Share Awards as at 30 September 2016 and 30 September 2015.

Treasury shares

The Company did not have any outstanding treasury shares as at 30 September 2016 and 30 September 2015.

Convertible Loans

On 27 April 2015, the Company had allotted and issued 3,673,500 new ordinary shares at an issue price of \$0.1359 per share in settlement of an interest payment as set out in the CLA. On 28 October 2015, the Company had allotted and issued 4,380,000 new ordinary shares at an issue price of \$0.1141 per share in settlement of an interest payment as set out in the CLA.

Pursuant to the CLA, the Company had 47,619,048 and 51,364,861 outstanding loan conversion shares and interest conversion shares as at 30 September 2016 and 30 September 2015 respectively.

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

	As at 30.09.2016	As at 31.03.2016
Total number of issued shares excluding treasury shares	791,865,686	791,865,686

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

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

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

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

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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements for the financial year ended 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 financial period, the Group adopted all of the new and/or revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and are effective for the financial year beginning 1 April 2016. The adoption of these new and/or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies or any significant impact on the financial statements for the current or prior financial periods reported on.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2Q2017 (Unaudited)	2Q2016 (Unaudited)	1H2017 (Unaudited)	1H2016 (Unaudited)
(a) Basic loss per share (SGD cents)	(0.28)	(0.26)	(0.61)	(0.54)
(b) Diluted loss per share (SGD cents)	(0.28)	(0.26)	(0.61)	(0.54)

- (a) Basic loss per share of the Group in 2Q2017 and half year financial period ended 30 September 2016 (“1H2017”) is calculated based on the weighted average number of ordinary shares in issue of 791,865,686.

Basic loss per share for the Group in the three months ended 30 September 2015 (“2Q2016”) is calculated based on the weighted average number of ordinary shares in issue of 786,062,316.

Basic loss per share of the Group for the half year financial period ended 30 September 2015 (“1H2016”) is calculated based on the weighted average number of ordinary shares in issue of 783,836,446.

- (b) Diluted loss per share of the Group in 2Q2017, 1H2017, 2Q2016 and 1H2016 are the same as the basic loss per share assuming that no potential ordinary shares are to be issued under CLA and the bonus warrants due to the conversion price or exercise price being higher than the prevailing market price at the relevant date.

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	
	1H2017 (Unaudited)	FY2016 (Audited)	1H2017 (Unaudited)	FY2016 (Audited)
Net asset value per ordinary share based on issued share capital (SGD cents)	8.75	9.42	9.32	9.51

The net asset value per ordinary share of the Group and the Company as at 30 September 2016 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 791,865,686 (31 March 2016: 791,865,686).

8. A review of the performance of the Group, to for a reasonable the extent necessary understanding of the Group's business. It must include a discussion of the following:-
- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF INCOME STATEMENT OF THE GROUP

Financial period in 2Q2017 vs 2Q2016

The Group's revenue decreased by \$7.4 million from \$24.8 million in 2Q2016 to \$17.4 million in 2Q2017 mainly due to the decreased revenue in the engineering business of \$2.6 million, water-related and environmental business of \$4.1 million and marble resource business of \$0.7 million. The decrease in revenue for water -related and environmental business is due to seasonal effects.

The Group's other income decreased by \$0.2 million from \$0.4 million in 2Q2016 to \$0.2 million in 2Q2017 mainly due to absence of bad debts recovered and reversal of allowance for doubtful trade receivables recognised in 2Q2016 from the marble resource business.

The Group's administrative expenses increased by \$0.2 million from \$3.8 million in 2Q2016 to \$4.0 million in 2Q2017 mainly due to the increase in manpower costs and office expenses in water-related and environmental business.

The Group's other expenses increased by \$0.4 million from \$1.3 million to \$1.7 million mainly due to the increase of \$0.6 million professional fees incurred from the reverse takeover exercise in marble resource business, which was partially offset with the decrease in staff related expenses of \$0.2 million in engineering business.

Finance costs increased by \$0.1 million from \$0.9 million in 2Q2016 to \$1.0 million in 2Q2017 mainly due to higher fair value interest attributable to the convertible loans during the financial period under review.

As a result of the above, the Group recorded a loss after tax of \$2.7 million in 2Q2017 as compared to a loss after tax of \$2.0 million in 2Q2016.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$84.6 million as at 30 September 2016, a decrease of \$0.3 million from \$84.9 million as at 31 March 2016 mainly due to addition of new property, plant and equipment of \$3.9 million offset against amortisation and depreciation charges of \$2.9 million and foreign exchange translation loss of \$1.3 million.

Current assets were \$85.8 million as at 30 September 2016. This represents an increase of \$4.3 million from \$81.5 million as at 31 March 2016. The increase was mainly due to the increase in inventories of \$1.4 million in relation to additional inventories from the marble resource business and the water-related and environmental business. Increase in trade and other receivables of \$3.7 million was mainly due to water-related and environmental business in PRC and marble resource business. The increase was mainly due to substantial billing in the previous quarter. Increase in amount due from contract customers of \$4.1 million was mainly due to the commencement of certain new projects. This was partially offset by the decrease in prepayment of \$0.9 million due to reclassification of prepayment to cost of sales upon receipt of suppliers' invoices, and the decrease of cash and bank balances of \$4.0 million.

Current liabilities were \$70.8 million as at 30 September 2016, an increase of \$8.0 million from \$62.8 million as at 31 March 2016. The increase was mainly due to increase in trade and other payables of \$8.0 million in relation to additional purchases for current work-in-progress projects for the engineering business of \$2.0 million and the increase in trade creditors of \$2.0 million and \$4.0 million from both the marble resource business and water-related and environmental business in PRC. The increase in trade creditors of \$4.0 million from the water-related and environmental business was mainly due to additional purchases for its projects. Finance lease payables increased by \$0.7 million mainly due to additional leasing for newly acquired machinery and equipment. Bank borrowings increased by \$0.4 million which was mainly for working capital purposes. The increase was offset by the decrease in amount due to contract customers of \$1.1 million mainly due to timing recognition of revenue vis-à-vis progress billings.

Non-current liabilities were \$20.2 million as at 30 September 2016, a decrease of \$0.4 million from \$20.6 million as at 31 March 2016. This was mainly due to the decrease in finance lease payables and bank borrowings totalling at \$1.0 million due to partial repayment. The decrease was offset by the increase in liability component of convertible loans of \$0.6 million.

The Group had a positive working capital of \$15.0 million as at 30 September 2016 as compared to \$18.7 million as at 31 March 2016.

REVIEW OF CASH FLOW STATEMENT OF THE GROUP

The Group had a net cash generated from operating activities amounting to \$1.0 million in 2Q2017. The net cash generated from operating activities in 2Q2017 was mainly due to an operating cash outflow of \$0.5 million before working capital changes and working capital inflow of \$1.5 million mainly due to increase in trade and other receivables offset by the increase in trade and other payables.

Net cash of \$0.3 million was used in investing activities in 2Q2017, mainly for purchase of new plant and machinery for the engineering, marble resources and water-related and environmental business.

Net cash of \$0.1 million was used in financing activities in 2Q2017, mainly due to cash outflow of \$1.5 million for the repayment of bank borrowing, payment of finance lease and term loan interest. This was partially offset by the decrease in fixed deposit pledged of \$1.4 million.

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 August 2016.

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.**

As part of our efforts to enhance the productivity of our engineering business, we continue to focus on seeking out business opportunities that would require our technical expertise to maintain our profit margin. Our current order book for engineering business continued to expand from \$141 million as at 31 July 2016 to \$161 million as at 31 October 2016. Barring unforeseen circumstances, we are optimistic of the performance of our engineering business for the current financial year.

Our water-related and environmental business remains promising in view of the potential projects in China and the region. The management will continue to seek for suitable projects by working closely with major players in China and the region for our water related and environmental business. As at 31 October 2016, our current order book in the water-related and environmental business stood at \$21 million out of which \$5 million is close to finalisation, with another \$15 million of potential order book in the pipeline that is in final stage of discussion.

For a full commentary on the Group's marble resource business, please refer to the financial results announcement of Terratech in respect of the financial period ended 30 September 2016 which is released separately.

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

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

Nil

(b)(i) **Amount per share (cents)
(Optional) Rate (%)**

Nil

(b)(ii) **Previous corresponding period (cents)
(Optional) Rate (%)**

Nil

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
Not applicable
 - (d) The date the dividend is payable.
Not applicable
 - (e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.
Not applicable
12. **If no dividend has been declared (recommended), a statement to that effect.**
No dividends has been declared or recommended for the financial period ended 30 September 2016.
13. **Interested Person Transactions**
If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.
The Company does not have a general mandate from its shareholders for interested person transactions. There was no interested person transaction during the financial period reported on.
14. **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).
15. **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 and six months ended 30 September 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wang Xiaoning

Managing Director

10 November 2016