



**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 THIRD QUARTER AND NINE MONTHS  
ENDED 31 DECEMBER 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.

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

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3 & 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**

	Third quarter ended 31 December			Nine months ended 31 December		
	2016	2015	Change	2016	2015	Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	18,993	17,616	7.8	55,994	64,261	(12.9)
Cost of sales	(16,085)	(15,183)	5.9	(45,606)	(53,800)	(15.2)
Gross profit	2,908	2,433	19.5	10,388	10,461	(0.7)
Other income	406	29	n.m.	796	854	(6.8)
Distribution expenses	(331)	(329)	0.6	(973)	(973)	-
Administrative expenses	(3,907)	(4,255)	(8.2)	(11,766)	(12,533)	(6.1)
Other expenses	(1,668)	(2,061)	(19.1)	(4,924)	(4,963)	(0.8)
Finance costs	(1,043)	(937)	11.3	(2,949)	(2,689)	9.7
Loss before income tax	(3,635)	(5,120)	(29.0)	(9,428)	(9,843)	(4.2)
Income tax refund/(expenses)	112	-	n.m.	183	(2)	n.m.
Loss after income tax	(3,523)	(5,120)	(31.2)	(9,245)	(9,845)	(6.1)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations, net of tax	191	(765)	n.m.	(428)	(1,276)	(66.5)
Total comprehensive income for the financial period	(3,332)	(5,885)	(43.4)	(9,673)	(11,121)	(13.0)
Loss attributable to:						
Owners of the parent	(3,013)	(4,819)	(37.5)	(7,841)	(9,018)	(13.1)
Non-controlling interests	(510)	(301)	69.4	(1,404)	(827)	69.8
	(3,523)	(5,120)	(31.2)	(9,245)	(9,845)	(6.1)
Total comprehensive income attributable to:						
Owners of the parent	(2,821)	(5,625)	(49.8)	(8,132)	(10,088)	(19.4)
Non-controlling interests	(511)	(260)	96.5	(1,541)	(1,033)	49.2
	(3,332)	(5,885)	(43.4)	(9,673)	(11,121)	(13.0)

n.m. not meaningful

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

	Third quarter ended 31 December			Nine months ended 31 December		
	2016	2015	Change	2016	2015	Change
	(Unaudited) \$'000	(Unaudited) \$'000	%	(Unaudited) \$'000	(Unaudited) \$'000	%
<b>Other income</b>						
Bad debts recovered	-	-	-	-	153	n.m.
Gain on disposal of property, plant and equipment	55	-	n.m.	141	43	n.m.
Interest income	6	12	(50.0)	12	20	(40.0)
Rental income	20	15	33.3	160	113	41.6
Sundry income	325	2	n.m.	422	384	9.9
Reversal of allowance for doubtful trade receivables	-	-	-	-	141	n.m.
Reversal of allowance for doubtful other receivables	-	-	-	61	-	n.m.
<b>Cost of sales, distribution, administrative and other operating expenses</b>						
Depreciation of property, plant and equipment	(1,439)	(1,614)	(10.8)	(4,165)	(4,347)	(4.2)
Allowance for impairment of trade receivables	-	42	n.m.	-	42	n.m.
Amortisation of land use right	(14)	(15)	(6.7)	(43)	(46)	(6.5)
Amortisation of intangible assets	(21)	(55)	(61.8)	(65)	(166)	(60.8)
Amortisation of mining right	(77)	(59)	30.5	(230)	(177)	29.9

n.m. not meaningful

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 31/12/2016 (Unaudited) \$'000	As at 31/03/2016 (Audited) \$'000	As at 31/12/2016 (Unaudited) \$'000	As at 31/03/2016 (Audited) \$'000
<b>Non-current assets</b>				
Property, plant and equipment	64,365	64,496	1,587	1,613
Investments in subsidiaries	-	-	76,911	76,891
Land use right	2,618	2,672	-	-
Mining right	13,970	14,200	-	-
Intangible assets	3,269	3,363	-	-
Deferred tax assets	221	132	-	-
	<b>84,443</b>	<b>84,863</b>	<b>78,498</b>	<b>78,504</b>
<b>Current assets</b>				
Inventories	8,755	6,871	-	-
Trade and other receivables	16,900	13,734	20,341	21,094
Amounts due from contract customers	50,023	45,760	-	-
Tax recoverable	26	35	-	-
Prepayments	1,753	2,815	9	47
Cash and bank balances	9,618	12,307	1,569	2,490
	<b>87,075</b>	<b>81,522</b>	<b>21,919</b>	<b>23,631</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	41,356	33,873	5,219	4,825
Amounts due to contract customers	2,966	3,113	-	-
Bank borrowings	19,531	15,600	4,684	4,701
Finance lease payables	3,272	2,634	-	-
Derivative component of convertible loans	104	104	104	104
Liability component of convertible loans	8,662	-	8,662	-
Loans from shareholders	1,809	6,739	1,320	6,291
Current income tax payable	1,001	759	171	171
	<b>78,701</b>	<b>62,822</b>	<b>20,160</b>	<b>16,092</b>
<b>Net current assets</b>	<b>8,374</b>	<b>18,700</b>	<b>1,759</b>	<b>7,539</b>
<b>Non-current liabilities</b>				
Bank borrowings	1,537	2,523	1,537	2,452
Finance lease payables	2,931	3,872	-	-
Liability component of convertible loans	-	7,680	-	7,680
Deferred tax liabilities	6,522	6,533	637	637
	<b>10,990</b>	<b>20,608</b>	<b>2,174</b>	<b>10,769</b>
<b>Net assets</b>	<b>81,827</b>	<b>82,955</b>	<b>78,083</b>	<b>75,274</b>
<b>Equity</b>				
Share capital	75,637	69,866	75,637	69,866
Reserves	(3,392)	4,740	2,446	5,408
Total equity attributable to owners of the parent	<b>72,245</b>	<b>74,606</b>	<b>78,083</b>	<b>75,274</b>
Non-controlling interests	9,582	8,349	-	-
<b>Total equity</b>	<b>81,827</b>	<b>82,955</b>	<b>78,083</b>	<b>75,274</b>

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 31 December 2016		As at 31 March 2016	
	Secured (Unaudited) \$'000	Unsecured (Unaudited) \$'000	Secured (Audited) \$'000	Unsecured (Audited) \$'000
Amount repayable within one year	31,322	1,952	18,074	6,899
Amount repayable after one year	4,468	-	14,075	-
	35,790	1,952	32,149	6,899

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 \$0.5 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.

	Third quarter ended		Nine months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(3,635)	(5,120)	(9,428)	(9,843)
Adjustments for:				
Allowance for impairment of trade receivables	-	42	-	42
Amortisation of intangible assets	21	55	65	166
Amortisation of mining rights	77	59	230	177
Amortisation of land use rights	14	15	43	46
Bad debts recovered	-	-	-	(153)
Depreciation of property, plant and equipment	1,439	1,614	4,165	4,347
Gain on disposal of property, plant and equipment	(55)	-	(141)	(43)
Interest income	(6)	(12)	(12)	(20)
Interest expense	439	565	1,219	1,191
Interest expense - convertible loan	604	372	1,730	1,498
Property, plant and equipment written off	-	-	3	-
Reversal of allowance for doubtful trade receivables	-	-	-	(141)
Reversal of allowance for doubtful other receivables	-	-	(61)	-
<b>Operating cash flow before working capital changes</b>	<b>(1,102)</b>	<b>(2,410)</b>	<b>(2,187)</b>	<b>(2,733)</b>
Working capital changes:				
Inventories	(464)	459	(1,885)	(535)
Trade and other receivables	326	(997)	(7,368)	(8,123)
Prepayments	153	(1,469)	1,062	920
Trade and other payables	1,498	2,296	8,388	12,833
<b>Cash generated from/(used in) operations</b>	<b>411</b>	<b>(2,121)</b>	<b>(1,990)</b>	<b>2,362</b>
Income taxes refund/(paid)	137	(63)	135	(99)
Interest received	6	12	12	20
<b>Net cash generated from / (used in) operating activities</b>	<b>554</b>	<b>(2,172)</b>	<b>(1,843)</b>	<b>2,283</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(697)	(1,435)	(2,709)	(4,588)
Proceeds from disposal of property, plant and equipment	185	-	308	89
<b>Net cash used in investing activities</b>	<b>(512)</b>	<b>(1,435)</b>	<b>(2,401)</b>	<b>(4,499)</b>
<b>Cash flows from financing activities</b>				
Decrease in fixed deposit pledged	434	115	1,812	109
Proceeds from bank borrowings	3,643	144	5,165	589
Loans from shareholders	110	1,320	191	6,291
Repayments of bank borrowings	(819)	(1,683)	(2,470)	(4,209)
Repayments of convertible loan interests	(500)	-	(1,000)	-
Repayments of finance lease obligations	(863)	(660)	(2,334)	(2,180)
Repayments of shareholder loan	-	-	(150)	-
Proceeds from issuance of subsidiary's placement shares	-	-	2,774	-
Interest paid	(439)	(416)	(1,219)	(1,190)
<b>Net cash generated from/(used in) from financing activities</b>	<b>1,566</b>	<b>(1,180)</b>	<b>2,769</b>	<b>(590)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,608</b>	<b>(4,787)</b>	<b>(1,475)</b>	<b>(2,806)</b>
Cash and cash equivalents at beginning of financial period	2,824	14,091	5,261	11,525
Currency translation differences	(297)	603	349	1,188
<b>Cash and cash equivalents at end of financial period</b>	<b>4,135</b>	<b>9,907</b>	<b>4,135</b>	<b>9,907</b>
<b>Cash and cash equivalents comprise:</b>				
	<b>Nine months ended</b>			
	<b>31/12/2016</b>	<b>31/12/2015</b>		
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		
Fixed deposits	3,317	4,522		
Cash and bank balances	6,301	12,292		
	<u>9,618</u>	<u>16,814</u>		
Bank overdraft	(2,394)	(2,385)		
Fixed deposit pledged	(3,089)	(4,522)		
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<u><u>4,135</u></u>	<u><u>9,907</u></u>		

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	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
Group (Unaudited)									
At 1 October 2016	69,866	2,108	34,951	11,111	(84)	(48,657)	69,295	10,093	79,388
Loss for the financial period	-	-	-	-	-	(3,013)	(3,013)	(510)	(3,523)
<u>Other comprehensive income</u>									
Exchange differences arising from translation of foreign operations	-	-	-	-	192	-	192	(1)	191
Total comprehensive income for the financial period	-	-	-	-	192	(3,013)	(2,821)	(511)	(3,332)
<u>Contributions by and distributions to owners</u>									
Issuance of new shares	5,771	-	-	-	-	-	5,771	-	5,771
Total contributions by and distributions to owners	5,771	-	-	-	-	-	5,771	-	5,771
At 31 December 2016	75,637	2,108	34,951	11,111	108	(51,670)	72,245	9,582	81,827

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.

	Attributable to owners of the Company								
	Share capital	Equity component of convertible loans	Gain on disposals to non-controlling interests	Asset revaluation reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
Group (Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2015	69,367	2,108	34,951	11,111	2,952	(31,320)	89,169	8,863	98,032
Loss for the financial period	-	-	-	-	-	(4,819)	(4,819)	(301)	(5,120)
<u>Other comprehensive income</u>									
Exchange differences arising from translation of foreign operations	-	-	-	-	(806)	-	(806)	41	(765)
<b>Total comprehensive income for the financial period</b>	-	-	-	-	(806)	(4,819)	(5,625)	(260)	(5,885)
<u>Contributions by and distributions to owners</u>									
Issuance of shares to convertible loan holders	499	-	-	-	-	-	499	-	499
<b>Total contributions by and distributions to owners</b>	499	-	-	-	-	-	499	-	499
As 31 December 2015	69,866	2,108	34,951	11,111	2,146	(36,139)	84,043	8,603	92,646



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 (continued).

Company (Unaudited)	Share capital	Equity component of convertible loans	Asset revaluation reserve	Accumulated profits/(losses)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 October 2016</b>	69,866	2,108	925	866	73,765
Loss for the financial period	-	-	-	(1,453)	(1,453)
<b>Total comprehensive income for the financial period</b>	-	-	-	(1,453)	(1,453)
<b>Contributions and distributions to owners</b>					
Issuance of shares through loan capitalisation	5,771	-	-	-	5,771
<b>Total contributions by and distributions to owners</b>	5,771	-	-	-	5,771
<b>At 31 December 2016</b>	<b>75,637</b>	<b>2,108</b>	<b>925</b>	<b>(587)</b>	<b>78,083</b>
<b>At 1 October 2015</b>	69,367	2,108	925	(737)	71,663
Loss for the financial period	-	-	-	(592)	(592)
<b>Total comprehensive income for the financial period</b>	-	-	-	(592)	(592)
<b>Contributions and distributions to owners</b>					
Issuance of shares to convertible loan holders	499	-	-	-	499
<b>Total contributions by and distributions to owners</b>	499	-	-	-	499
<b>At 31 December 2015</b>	<b>69,866</b>	<b>2,108</b>	<b>925</b>	<b>(1,329)</b>	<b>71,570</b>

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

Details of the changes in the issued and paid-up capital of the Company from 30 September 2016 ("2Q2017") to the three months ended 31 December 2016 ("3Q2017") were as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 30 September 2016	791,865,686	69,866,463
Allotment and issue of new ordinary shares in connection with the capitalisation of shareholder loan and settlement of outstanding purchase consideration for Geosoft Pte Ltd	87,302,496	5,770,695
Issued and fully paid ordinary shares as at 31 December 2016	879,168,182	75,637,158

Warrants

As at 31 December 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 31 December 2015, there were 386,574,593 warrants.

Performance Share Plan

The Company did not make any Share Awards as at 31 December 2016 and 31 December 2015.

Treasury shares

The Company did not have any outstanding treasury shares as at 31 December 2016 and 31 December 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 49,233,533 outstanding loan conversion shares and interest conversion shares as at 31 December 2016 and 31 December 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 31.12.2016	As at 31.03.2016
Total number of issued shares excluding treasury shares	879,168,182	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.

	3Q2017 (Unaudited)	3Q2016 (Unaudited)	9M2017 (Unaudited)	9M2016 (Unaudited)
(a) Basic loss per share (SGD cents)	(0.35)	(0.61)	(0.96)	(1.15)
(b) Diluted loss per share (SGD cents)	(0.35)	(0.61)	(0.96)	(1.15)

- (a) Basic loss per share of the Group in the three months ended 31 December 2016 (“3Q2017”) is calculated based on the weighted average number of ordinary shares in issue of 869,678,780.

Basic loss per share of the Group for the nine months financial period ended 31 December 2016 (“9M2017”) is calculated based on the weighted average number of ordinary shares in issue of 817,897,703.

Basic loss per share for the Group in the three months ended 31 December 2015 (“3Q2016”) is calculated based on the weighted average number of ordinary shares in issue of 790,580,251.

Basic loss per share of the Group for the nine months financial period ended 31 December 2015 (“9M2016”) is calculated based on the weighted average number of ordinary shares in issue of 786,092,555.

- (b) Diluted loss per share of the Group in 3Q2017, 9M2017, 3Q2016 and 9M2016 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	
	9M2017 (Unaudited)	FY2016 (Audited)	9M2017 (Unaudited)	FY2016 (Audited)
Net asset value per ordinary share based on issued share capital (SGD cents)	8.22	9.42	8.88	9.51

The net asset value per ordinary share of the Group and the Company as at 31 December 2016 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 879,168,182 (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 3Q2017 vs 3Q2016

The Group's revenue increased by \$1.4 million from \$17.6 million in 3Q2016 to \$19.0 million in 3Q2017 mainly due to the increased revenue in the engineering business of \$0.9 million and water-related and environmental business of \$0.5 million.

The Group's gross profit increased by \$0.5 million from \$2.4 million in 3Q2016 to \$2.9 million in 3Q2017, mainly due to higher profit margin from the new projects undertaken by engineering business.

The Group's other income increased by \$0.4 million mainly due to government grant received arising from the engineering business.

The Group's administrative expenses decreased by \$0.4 million from \$4.3 million in 3Q2016 to \$3.9 million in 3Q2017 mainly due to the decrease in manpower cost and office expenses in water-related and environmental business.

The Group's other expenses decreased by \$0.4 million from \$2.1 million to \$1.7 million mainly due to the decrease in staff related expenses in engineering business and water-related and environmental business.

Finance costs increased by \$0.1 million from \$0.9 million in 3Q2016 to \$1.0 million in 3Q2017 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 \$3.5 million in 3Q2017 as compared to a loss after tax of \$5.1 million in 3Q2016.

## REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$84.4 million as at 31 December 2016, a decrease of \$0.5 million from \$84.9 million as at 31 March 2016 mainly due to amortisation and depreciation charges of \$4.5 million and foreign exchange translation loss of \$0.7 million offset against addition of new property, plant and equipment of \$4.7 million.

Current assets were \$87.1 million as at 31 December 2016. This represents an increase of \$5.6 million from \$81.5 million as at 31 March 2016. The increase was mainly due to the increase in inventories of \$1.9 million in relation to additional inventories mainly from the water-related and environmental business due to increase in its production level. Increase in trade and other receivables of \$3.2 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 \$4.3 million was mainly due to the commencement of certain new projects from the engineering business. This was partially offset by the decrease in prepayment of \$1.1 million due to utilisation of prepayment upon receipt of goods from suppliers, and the decrease of cash and bank balances of \$2.7 million.

Current liabilities were \$78.7 million as at 31 December 2016, an increase of \$15.9 million from \$62.8 million as at 31 March 2016. The increase was mainly due to increase in trade and other payables of \$7.5 million in relation to additional purchases for current work-in-progress projects for the engineering business of \$4.0 million and the increase in trade creditors of \$3.4 million and \$0.1 million from both the marble resource business and water-related and environmental business in PRC respectively. The increase in trade creditors of \$4.0 million from the engineering 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 \$3.9 million which was mainly for working capital purposes. The liability component of convertible loans amounting to \$8.6 million arose from reclassification from non-current liabilities to current liabilities as the convertible loans are due to mature on 28 October 2017. In addition, current income tax payable increased by \$0.2 million in the water-related and environmental business. The increase was offset by the decrease in amounts due to contract customers of \$0.1 million and decrease in loan from shareholders of \$4.9 million due to capitalisation of shareholder loan on 11 October 2016.

Non-current liabilities were \$11.0 million as at 31 December 2016, a decrease of \$9.6 million from \$20.6 million as at 31 March 2016. This was mainly due to reclassification of the liability component of convertible loans to current liabilities which became due and payable in the next twelve months. The decrease was also due to partial repayment of finance lease payables and bank borrowings totalling at \$2.0 million.

The Group had a positive working capital of \$8.4 million as at 31 December 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 \$0.5 million in 3Q2017. The net cash generated from operating activities in 3Q2017 was mainly due to an operating cash outflow of \$1.1 million before working capital changes and working capital inflow of \$1.5 million mainly due to increase in trade and other payables and refund of \$0.1 million from income tax.

Net cash of \$0.5 million was used in investing activities in 3Q2017, mainly for purchase of new plant and machinery for the engineering, marble resources and water-related and environmental businesses.

Net cash of \$1.5 million was generated from financing activities in 3Q2017, mainly due to cash inflow from bank borrowings of \$3.6 million, proceeds from non-interest bearing shareholders' loan of \$0.1 million and decrease in fixed deposit pledged of \$0.4 million. This was partially offset by the cash outflow of \$2.6 million for the repayment of bank borrowing, payment of finance lease, term loan interest and convertible loan interest.

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 10 November 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.**

Our engineering business remains profitable despite a competitive business environment as continuous efforts are put in place to seek new business opportunities with reasonable profit margin. Our current order book for engineering business stood at \$152 million as at 31 January 2017, which is expected to be completed in the coming few years.

We continue to make progress in our water-related and environmental business by securing more projects in China and the region. As at 31 January 2017, our current order book in the water-related and environmental business stood at \$13 million and additional \$5 million is close to finalisation with a further \$15 million of potential order book in the pipeline that is in final stage of discussions.

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 31 December 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 31 December 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 were no interested person transaction of \$100,000 and above during the financial period reported on, save for an interest free shareholder loan of \$0.1 million which has no fixed term of repayment.

14. Confirmation pursuant to Rule 720(1) of the Catalyst 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 Catalyst Listing Manual.

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the three months and nine months ended 31 December 2016 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Dr Wang Xiaoning

Managing Director

13 February 2017