



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 NINE MONTHS ENDED 31 DECEMBER 2014

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 nine months ended 31 December 2014 (“9M2015”) and the comparative financial results of the Group for nine months ended 31 December 2013 (“9M2014”) as well as the financial results of the Group for three months ended 31 December 2013 (“3Q2014”), 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 Months Ended 31 December			Nine Months Ended 31 December		
	2014	2013	Change	2014	2013	Change
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	2,336	-	n.m.	2,378	-	n.m.
Cost of sales	(2,707)	-	n.m.	(3,522)	-	n.m.
Gross loss	(371)	-	n.m.	(1,144)	-	n.m.
Other items of income						
Other income	-	-	-	8,950	31	n.m.
Other items of expenses						
Distribution expenses	(47)	(111)	(57.7)	(129)	(193)	(33.1)
Administrative expenses	(1,398)	(575)	(143.1)	(5,800)	(3,518)	64.9
Other expenses	-	(5,274)	n.m.	(416)	(5,715)	(92.7)
Finance costs	(19)	(914)	(97.9)	(388)	(1,254)	(69.1)
Profit / (Loss) before income tax	(1,835)	(6,874)	(73.3)	1,073	(10,649)	(110.0)
Income tax credit/(expense)	-	-	-	-	-	-
Profit / (Loss) after income tax	(1,835)	(6,874)	(73.3)	1,073	(10,649)	(110.0)
Other comprehensive income: Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	232	37	n.m.	233	146	60.3
Other comprehensive income/(loss) for the financial period, net of tax	232	37	n.m.	233	146	60.3
Total comprehensive income/(loss) for the financial period	(1,603)	(6,837)	(76.5)	1,306	(10,503)	(112.4)
Profit / (Loss) attributable to owners of the parent	(1,835)	(6,874)	(73.3)	1,073	(10,649)	(110.0)
Total comprehensive income/(loss) attributable to owners of the parent	(1,603)	(6,837)	(76.5)	1,306	(10,503)	(112.4)

n.m. denotes not meaningful

1(a) A consolidated statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

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

	Group					
	Three Months Ended 31 December			Nine Months Ended 31 December		
	2014	2013	Change	2014	2013	Change
	(Unaudited)			(Unaudited)		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other income						
Fair value gain on derivative financial instruments	-	-	-	8,799	-	n.m.
Sundry income	-	-	-	151	31	387.1
Cost of sales, distribution, administrative and other expenses						
Depreciation of property, plant and equipment	(156)	(126)	23.8	(454)	(380)	19.4
Fair value loss of derivative financial instruments	-	(5,274)	n.m.	-	(5,715)	n.m.
Amortisation of intangible assets	(3)	(6)	(50.0)	(14)	(18)	(22.2)
Operating lease expense	(27)	(84)	(67.8)	(103)	(96)	(7.3)
Interest expense	(19)	(914)	(97.9)	(389)	(1,254)	(68.9)

n.m. - 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 31.12.14 (Unaudited) S\$'000	As at 31.03.14 (Unaudited) S\$'000	As at 31.12.14 (Unaudited) S\$'000	As at 31.03.14 (Unaudited) S\$'000
Non-current assets				
Property, plant and equipment	5,387	5,417	-	-
Investments in subsidiaries	-	-	24,543	-
Prepayments and deposits	457	466	-	-
Intangible assets	721	739	-	-
	6,565	6,622	24,543	-
Current assets				
Inventories	3,935	3,184	-	-
Trade and other receivables	1,114	196	10,207	-
Prepayments	750	292	23	4
Income tax recoverable	280	66	-	-
Cash and cash equivalents	7,839	3,986	4,710	-
	13,918	7,724	14,940	4
Less :				
Current liabilities				
Trade and other payables	1,593	7,671	-	522
Bank overdraft	1,344	1,287	-	-
Convertible bonds	-	23,336	-	-
Finance lease payables	280	659	-	-
	3,217	32,953	-	522
Net current assets / (liabilities)	10,701	(25,229)	14,940	(518)
Non-current liability				
Finance lease payables	(223)	(401)	-	-
	(223)	(401)	-	-
Net assets / (liabilities)	17,043	(19,008)	39,483	(518)
Capital and reserves				
Share capital	35,175	430	35,175	*
Reserves	(18,132)	(19,438)	4,308	(518)
Total equity attributable to owners of the parent	17,043	(19,008)	39,483	(518)

* 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.

	Group			
	As at 31.12.14		As at 31.03.14	
	(Unaudited)		(Unaudited)	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	1,624	-	25,282 ⁽¹⁾	-
Amount repayable after one year	223	-	401	-
	1,847	-	25,683	-

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 of 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 and certain related companies.

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

	Group		Group	
	Three Months Ended		Nine Months Ended	
	31.12.14 (Unaudited) S\$'000	31.12.13 (Unaudited) S\$'000	31.12.14 (Unaudited) S\$'000	31.12.13 (Audited) S\$'000
Operating activities:				
Profit / (Loss) before income tax	(1,835)	(6,874)	1,072	(10,649)
Adjustments for:				
Amortisation of intangible assets	4	6	14	18
Depreciation of property, plant and equipment	156	126	454	380
Fair value loss / (gain) on derivative financial instruments	-	5,632	(8,799)	5,632
Write-off of property, plant and equipment	-	83	-	83
Interest expense	19	914	389	1,254
Operating cash flow before working capital changes	(1,656)	(113)	(6,870)	(3,282)
Working capital changes:				
Inventories	(364)	(1,805)	(750)	(1,742)
Trade and other receivables	(518)	(684)	(919)	(878)
Prepayments	307	393	(459)	6
Trade and other payables	(67)	716	4,418	932
Cash used in operations	(2,298)	(1,493)	(4,580)	(4,964)
Interest paid	-	(61)	-	(61)
Income taxes refunded	-	-	67	-
Net cash generated from / (used in) operating activities	(2,298)	(1,554)	(4,513)	(5,025)
Investing activity:				
Purchases of property, plant and equipment	(44)	(219)	(461)	(616)
Net cash used in investing activity	(44)	(219)	(461)	(616)
Financing activities:				
Fixed deposit pledged	6	8	92	-
Repayments of finance lease obligations	(123)	(130)	(556)	(586)
Proceeds from issuance of shares, net of expenses	-	-	9,432	-
Interest paid	(19)	(260)	(389)	(600)
Net cash generated from / (used in) financing activities	(136)	(382)	8,579	(1,186)
Net change in cash and cash equivalents	(2,478)	(2,155)	3,605	(6,827)
Cash and cash equivalents at beginning of financial period	8,573	5,155	2,505	9,663
Currency translation differences	302	15	287	179
Cash and cash equivalents at end of financial period	6,397	3,015	6,397	3,015
Cash and cash equivalents comprise:			Group	
			Nine Months Ended	
			31.12.14 (Unaudited) S\$'000	31.12.13 (Unaudited) S\$'000
Fixed deposits with bank			98	-
Cash and bank balances			7,741	4,045
Cash and cash equivalents on consolidated statement of financial position			7,839	4,045
Bank overdrafts			(1,344)	(1,030)
Fixed deposit pledged			(98)	-
Cash and cash equivalents on consolidated statement of cash flow			6,397	3,015

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	Other reserve	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (unaudited)					
Balance at 1.4.2014	430	90	109	(19,637)	(19,008)
Loss for the financial period	-	-	-	(2,147)	(2,147)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	24	-	24
Total comprehensive income for the financial period	-	-	24	(2,147)	(2,123)
Contributions by and distributions to owners of the parent					
Issuance of shares	3,870	-	-	-	3,870
Total transactions with owners of the parent	3,870	-	-	-	3,870
Balance at 30.6.2014	4,300	90	133	(21,784)	(17,261)
Profit for the financial period	-	-	-	5,055	5,055
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	(23)	-	(23)
Total comprehensive income/ (loss) for the financial period	-	-	(23)	5,055	5,032
Contributions by and distributions to owners of the parent					
Issuance of Conversion Shares to Pre-IPO Investors	15,677	-	-	-	15,677
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing (as defined below)	1,200	-	-	-	1,200
Issuance of new placement shares	10,005	-	-	-	10,005
Equity component transferred to Retained Earnings	-	(90)	-	90	-
Gain on shares due to Restructuring Exercise	4,566	-	-	-	4,566
Less: Share issuance expenses	(573)	-	-	-	(573)
Total transactions with owners of the parent	30,875	(90)	-	90	30,875
Balance at 30.9.2014	35,175	-	110	(16,639)	18,646
Loss for the financial period	-	-	-	(1,835)	(1,835)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	232	-	232
Total comprehensive income/ (loss) for the financial period	-	-	232	(1,835)	(1,603)
Contributions by and distributions to owners of the parent					
Issuance of shares	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 31.12.2014	35,175	-	342	(18,474)	17,043

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)

Group (unaudited)

Balance at 1.4.2013	430	90	29	(7,055)	(6,506)
Loss for the financial period	-	-	-	(1,610)	(1,610)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	(8)	-	(8)
Total comprehensive income/ (loss) for the financial period	-	-	(8)	(1,610)	(1,618)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2013	430	90	21	(8,665)	(8,124)
Loss for the financial period	-	-	-	(2,165)	(2,165)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	117	-	117
Total comprehensive income/ (loss) for the financial period	-	-	117	(2,165)	(2,048)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.9.2013	430	90	138	(10,830)	(10,172)
Profit for the financial period	-	-	-	(6,874)	(6,874)
Other comprehensive income for the financial period					
Foreign currency differences on translation of foreign operations	-	-	37	-	37
Total comprehensive income for the financial period	-	-	37	(6,874)	(6,837)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 31.12.2013	430	90	175	(17,704)	(17,009)

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 reserves	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (unaudited)					
Balance at 1.4.2014	*	-	-	(518)	(518)
Loss for the financial period	-	-	-	(179)	(179)
Total comprehensive income for the financial period	-	-	-	(179)	(179)
Contributions by and distributions to owners of the parent					
Issuance of shares	4,300	-	-	-	4,300
Total transactions with owners of the parent	4,300	-	-	-	4,300
Balance at 30.6.2014	4,300	-	-	(697)	3,603
Profit for the financial period	-	-	-	5,140	5,140
Total comprehensive income for the financial period	-	-	-	5,140	5,140
Contributions by and distributions to owners of the parent					
Issuance of Conversion Shares to Pre-IPO Investors	15,677	-	-	-	15,677
Issuance of new shares to PPCF as part of the management fee payable to PPCF as Sponsor and Issue Manager for the Listing (as defined below)	1,200	-	-	-	1,200
Issuance of new placement shares	10,005	-	-	-	10,005
Gain on shares due to Restructuring Exercise	4,566	-	-	-	4,566
Less : Share issuance expenses	(573)	-	-	-	(573)
Total transactions with owners of the parent	30,875	-	-	-	30,875
Balance at 30.9.2014	35,175	-	-	4,443	39,618
Loss for the financial period	-	-	-	(135)	(135)
Total comprehensive income for the financial period	-	-	-	(135)	(135)
Contributions by and distributions to owners of the parent					
	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 31.12.2014	35,175	-	-	4,308	39,483

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 reserves	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.4. 2013	-	-	-	-	-
Loss for the financial period	-	-	(2)	(166)	(168)
Total comprehensive income/ (loss) for the financial period	-	-	(2)	(166)	(168)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.6.2013	-	-	(2)	(166)	(168)
Loss for the financial period	-	-	2	(145)	(143)
Total comprehensive income for the financial period	-	-	2	(145)	(143)
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 30.9.2013	-	-	-	(311)	(311)
Profit / (Loss) for the financial period	-	-	(2)	3	1
Total comprehensive income for the financial period	-	-	(2)	3	1
Contributions by and distributions to owners of the parent	-	-	-	-	-
Total transactions with owners of the parent	-	-	-	-	-
Balance at 31.12.2013	-	-	(2)	(308)	(310)

* 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.

Details of the changes in the issued and paid-up capital of the Company from 30 September 2014 to 31 December 2014 are as follows:-

Ordinary shares

	Number of issued shares	S\$
Issued and fully paid ordinary shares as at 30 September 2014	615,042,003	35,175,117
Issued and fully paid ordinary shares as at 31 December 2014	615,042,003	35,175,117

Treasury shares

The Company did not have any treasury shares as at 31 December 2014 and 31 December 2013.

- 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 31.12.14	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 Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) 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 FRS and INT FRS 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		Nine Months Ended	
	31.12.14	31.12.13	31.12.14	31.12.13
(a) Basic earnings /(loss) per ordinary share (SGD cents)	(0.30)	(1.11)	0.17	(1.73)
(b) Diluted earnings/(loss) per ordinary share (SGD cents)	(0.30)	(1.11)	0.17	(1.73)

- (a) Basic (loss)/earnings per share of the Group for the three months and nine months financial period ended 31 December 2014 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 nine months financial period ended 31 December 2013 are calculated based on the weighted average number of ordinary shares in issue of 615,042,003. For illustrative purposes only, the issued and paid up share capital of the Group of 615,042,003 ordinary shares is assumed to have been in issue throughout the entire nine months ended 31 December 2013.

- (b) Diluted (loss) and earnings per share for the three months and nine months ended 31 December 2014 are the same as the basic earnings per share as there is no potentially dilutive securities as at 31 December 2014.

Diluted loss per share for the three months and nine months financial period ended 31 December 2013 are the same as the basic loss per share.

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

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

	Group		Company	
	31.12.14	31.03.14	31.12.14	31.03.14
Net asset value per ordinary share based on issued share capital (SGD cents)	2.77	(3.09)	6.42	(0.08)

The net asset value per ordinary share of the Group and the Company as at 31 December 2014 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 December 2014 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

Financial period ended 31 December 2014 ("3Q2015") vs financial period ended 31 December 2013 ("3Q2014")

The Group's revenue increased by S\$2.3 million from nil in 3Q2014 to S\$2.3 million in 3Q2015. The increase was due to higher sales for the financial period under review.

The Group incurred a gross loss of S\$0.4 million in 3Q2015 as compared to nil in 3Q2014. This was due to the increase in salaries and wages and consumables incurred in the quarrying and production of the marble blocks.

The Group's administrative expenses increased by S\$0.8 million from S\$0.6 million in 3Q2014 to S\$1.4 million in 3Q2015. The increase in administrative expenses was mainly due to the foreign exchange loss of S\$0.3 million, director remuneration of S\$0.2 million and office expenses of S\$0.3 million.

The Group's other expenses decreased by \$5.3 million in 3Q2014 to nil in 3Q2015 were due mainly to the fair value loss on financial liabilities designated at fair value through profit or loss amounting to S\$5.6 million that was taken up in 3Q2014.

The Group's finance costs decreased by S\$0.88 million from S\$0.9 million in 3Q2014 to S\$0.02 million in 3Q2015, mainly due to the conversion of the Convertible Bonds in conjunction with the listing of the Company on Catalist ("Listing") and as such, interest ceased to accrue on the Convertible Bonds.

As a result of the aforementioned, the Group recorded a lower net loss of S\$1.8 million in 3Q2015 as compared to a net loss of S\$6.8 million in 3Q2014.

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\$6.5 million as at 31 December 2014, a decrease of S\$0.1 million from S\$6.6 million as at 31 March 2014. The decrease was mainly due to the depreciation on its property, plant and equipment for the financial period under review.

Current assets which comprised inventories, trade and other receivables, prepayments, income tax recoverable, and cash and cash equivalents, were S\$13.9 million as at 31 December 2014. This represented an increase of S\$6.2 million from S\$7.7 million as at 31 March 2014. The increase was mainly due to increase in cash and cash equivalent of S\$3.9 million from the proceeds of IPO and increases in trade and other receivables of S\$0.9 million, increase in prepayment of S\$0.4 million and increase in inventories of S\$0.7 million.

Trade and other receivables comprised amounts due from customers, rental deposits and down payment paid to suppliers. The increase of trade and other receivable from S\$0.2 million as at 31 March 2014 to S\$1.1 million as at 31 December 2014, was mainly due to increase in trade receivable of S\$0.9 million.

Prepayments were S\$0.7 million as at 31 December 2014, an increase of S\$0.4 million from S\$0.3 million as at 31 December 2014. The increase was mainly due to deposit payment for purchase of new property, plant and equipment and tribute payment.

Current liabilities which comprised trade and other payables, bank overdraft and finance lease payables were S\$3.2 million as at 31 December 2014, a decrease of S\$29.7 million from S\$32.9 million as at 31 March 2014. The decrease was due mainly to the full conversion of Convertible Bonds of S\$23.3 million in 2Q2015 in conjunction with the listing, decrease in finance lease payables of S\$0.4 million and decrease of trade and other payables of S\$6 million.

Trade and other payables comprised other payables and accruals of S\$0.9 million, while S\$0.7 million related to trade payables as at 31 December 2014.

The decrease in other payables of S\$6.6 million from S\$7.5 million as at 31 March 2014 to S\$0.9 million as at 31 December 2014 was mainly due to settlement of the Convertible Bonds Settlement Amount.

The Group had net current assets of S\$10.7 million as at 31 December 2014 as a result of increase in cash and cash equivalents and decrease in other payables.

REVIEW OF STATEMENT OF CASH FLOWS

Financial period ended 31 December 2014 ("3Q2015") vs financial period ended 31 December 2013 ("3Q2014")

Net cash used in operating activities amounted to S\$2.3 million in 3Q2015. The increase in the net cash used in operating activities in 3Q2015 was mainly due to an operating cash outflow of \$1.7 million before working capital changes and working capital outflow of \$0.6 million. The working capital outflow was due to increase in inventories of marble and increase in trade and other receivable.

Net cash of S\$0.04 million used in investing activity in 3Q2015 was mainly for the purchase of new property, plant and equipment.

Net cash of S\$0.1 million used in financing activities in 3Q2015 was mainly due to repayment of finance lease obligations and interest payment.

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 13 November 2014.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operation of our Kelantan marble quarry between November 2014 to January 2015 had been affected by the seasonal year end rainy season as a result of which the number of production hours was reduced and extracted blocks were also unable to be transported downhill. In addition, the surrounding areas of the quarry had experienced exceptional floods, which were reported to be the worst floods in decades for Malaysia. A bridge at the main road connecting the quarry to the town and West Coast of Malaysia had been washed away by the flooding river water in December 2014. This has affected the logistical movement to and from the quarry, and the Company had been using alternative routes available which were slightly longer distance.

The operation is ongoing at Hill 2B, Hill 1 and Hill 2A. Hill 1 has started the marble extraction works since August 2014. Market response indicates that the new marble from Hill 1, the Kelantan Black Spotted White, will be more sought after. Hence some resources from Hill 2A were transferred to Hill 1 to speed up the production. In this regards, Hill 2A marble extraction works are expected to commence in June 2015 instead of the previously planned, November 2014. To date, the marble quality extracted are meeting or exceeding expectations. We have made progress in the marketing and promotion of our marble and expect our revenue to grow.

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 3Q2015.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT") the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for IPTs. There was no IPT of S\$100,000 and above in 3Q2015.

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	404	596
Working Capital	5,996	3,916	3,004 ⁽¹⁾	912
Business Expansion	-	2,080	2,080 ⁽²⁾	-
TOTAL	6,996	6,996	5,488	1,508

(1) The amount allocated for working capital had been utilized mainly for the payment of salary and wages and staff related costs of S\$1.6 million, purchase of materials of S\$0.8 million, payment to subcontractor of S\$0.27 million, rental office of S\$0.13 million and other expenses of S\$0.2 million.

(2) The amount allocated for business expansion had been utilized for the acquisition of 80% equity interests in Hengyu as defined in the Company's announcement on 5 January 2015.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

i. Use of funds/cash for the quarter:-

In 3Q2015, funds/cash was mainly used for the following production activities:-

Purpose	Amount (\$'000) Actual Usage	Amount (\$'000) Projected Usage
Excavation and production activities	438	497
Payments for property, plant and equipment	69	259
Royalty and tributes fees	8	12
Upkeep of equipment and motor vehicles	12	18
General working capital	669	680
Total	1,196	1,466

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

For the next immediate quarter (financial period from 1 January 2015 to 31 March 2015 ("4Q2015"), 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	460
Payments for property plant and equipment	156
Royalty and tributes fees	16
Upkeep of equipment and motor vehicles	20
General working capital	804
Total	1,456

Principal Assumptions

Projected uses of funds/cash for certain items, including, but not limited to payments for excavation and production activities, and royalty and tribute fees payable will vary according to the Group's actual rate of production of marble. Accordingly, in the event that the Group's actual rate of production of marble changes, the Group's use of funds/cash for production activities will change as well.

16. Rule 705(6)(b) of the Catalist Listing Manual

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

17. Rule 705(7)(a) of the Catalist Listing Manual

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

Gua Musang Quarry		
Hill 2B	Excavation Gross Volume (m ³)	Production of marble block (m ³)
October 2014	7,900	1,600
November 2014	9,200	480
December 2014	3,500	- (1)

(1) In relation to the reduction in production, please refer to the commentary in paragraph 10 above.

Hill 2A	Remarks
October 2014	Platform development works. Removal of about 3,500m ³ of stones
November 2014	Platform development works. Removal of about 3,500m ³ of stones
December 2014	Platform development works. Removal of about 3,500m ³ of stones

Hill 1	Remarks
October 2014	Platform development works. Removal of about 3,000m ³ of stones. Extraction of 25m ³ of marble block.
November 2014	Platform development works. Removal of about 3,000m ³ of stones. Extraction of 30m ³ of marble block.
December 2014	Platform development works. Removal of about 5,000m ³ of stones. Extraction of 20m ³ of marble block.

Total cash used for excavation and production activities at Gua Musang Quarry was S\$0.44 million in 3Q2015.

18. Rule 705(7)(b) of the Catalist Listing Manual

Update on its reserves and resources, where applicable, in accordance with the requirements as set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

The qualified person's report ("QPR") on the marble resources and ore reserve estimates as at 31 March 2014 is contained in the Offer Document. Soft copy of the offer document is available for download on the SGXNET.

There were no material updates on the QPR as at 31 December 2014.

19. 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 3Q2015 and the nine months ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr. Loh Chang Kaan

Chief Executive Officer and Executive Director

11 February 2015