



**TRITECH GROUP LIMITED**

**(Company Registration No: 200809330R)**

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

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2015**

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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

	Three months Ended 31 December			Nine months Ended 31 December		
	2015	2014	Change	2015	2014	Change
	(Unaudited) \$'000	(Restated) \$'000	%	(Unaudited) \$'000	(Restated) \$'000	%
<b>Revenue</b>	17,616	17,222	2.3	64,261	47,830	34.4
Cost of sales	(15,183)	(14,389)	5.5	(53,800)	(37,766)	42.5
<b>Gross profit</b>	2,433	2,833	(14.1)	10,461	10,064	3.9
Other income	29	32	(9.4)	854	460	85.7
Distribution costs	(329)	(544)	(39.5)	(973)	(1,313)	(25.9)
Administrative costs	(4,255)	(5,451)	(21.9)	(12,533)	(25,389)	(50.6)
Other operating costs	(2,061)	(1,926)	7.0	(4,963)	(5,769)	(14.0)
Finance costs	(937)	(357)	162.5	(2,689)	(1,135)	136.9
<b>Loss before taxation</b>	(5,120)	(5,413)	(5.4)	(9,843)	(23,082)	(57.4)
Income tax expense	-	(75)	n.m.	(2)	(511)	(99.6)
<b>Loss for the financial period</b>	(5,120)	(5,488)	(6.7)	(9,845)	(23,593)	(58.3)
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations, net of tax	(765)	1,495	n.m.	(1,276)	2,424	n.m.
<b>Total comprehensive income for the financial period</b>	(5,885)	(3,993)	47.4	(11,121)	(21,169)	(47.5)
<b>Loss attributable to:</b>						
Owners of the Company	(4,819)	(4,760)	1.2	(9,018)	(22,685)	(60.2)
Non-controlling interests	(301)	(728)	(58.7)	(827)	(908)	(8.9)
	(5,120)	(5,488)	(6.7)	(9,845)	(23,593)	(58.3)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(5,625)	(3,729)	50.8	(10,088)	(21,265)	(52.6)
Non-controlling interests	(260)	(264)	(1.5)	(1,033)	96	n.m.
	(5,885)	(3,993)	47.4	(11,121)	(21,169)	(47.5)

n.m. not meaningful

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

	Three months Ended 31 December			Nine months Ended 31 December		
	2015	2014	Change	2015	2014	Change
	(Unaudited) \$'000	(Restated) \$'000	%	(Unaudited) \$'000	(Restated) \$'000	%
<b>Other income</b>						
Bad debts recovered	-	-	-	153	-	n.m.
Gain/(Loss) on disposal of property, plant and equipment	-	(3)	n.m.	43	49	(12.2)
Interest income	12	4	200.0	20	11	81.8
Rental income	15	30	(50.0)	113	132	(14.4)
Reversal of allowance for doubtful trade receivables	-	-	-	141	-	n.m.
Sundry income	2	1	100.0	384	268	43.3
<b>Cost of sales, distribution, administrative and other operating costs</b>						
Depreciation of property, plant and equipment	(1,614)	(1,193)	35.3	(4,347)	(3,323)	30.8
Allowance for impairment loss of trade receivables	42	-	n.m.	42	-	n.m.
Amortisation of land use right	(15)	(15) <sup>(1)</sup>	-	(46)	(44) <sup>(1)</sup>	4.6
Amortisation of intangible assets	(55)	(55) <sup>(2)</sup>	-	(166)	(166) <sup>(2)</sup>	-
Amortisation of mining rights	(59)	(123)	(52.0)	(177)	(369)	(52.0)
Placement promoters expenses	-	-	n.m.	-	9,902	n.m.
Project introducer fee	-	1,000	n.m.	-	1,000	n.m.

Note: The statement of comprehensive income ended 31 December 2014 have been restated mainly due to:

(1) The adjustment arose from the reversal of fair value of land use right back to cost model; and

(2) The adjustment arose from the finalisation of the purchase price allocation of the identifiable assets of a subsidiary acquired in 2014.

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	As at	As at	As at
	31/12/2015	31/3/2015	31/12/2015	31/03/2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	63,599	64,347	1,623	1,651
Investments in subsidiaries	-	-	70,695	70,695
Land use right	2,688	2,810	-	-
Mining rights	14,329	14,506	-	-
Intangible assets	3,350	3,581	-	-
Prepayment (land)	335	378	-	-
Trade and other receivables	668	499	-	-
Deferred tax assets	132	132	-	-
	<b>85,101</b>	<b>86,253</b>	<b>72,318</b>	<b>72,346</b>
<b>Current assets</b>				
Inventories	7,963	7,428	-	-
Trade and other receivables	19,345	14,823	22,165	20,353
Tax recoverable	136	-	-	-
Prepayments	3,197	4,117	16	71
Amounts due from contract customers	49,302	45,619	-	-
Cash and bank balances	16,930	18,780	3,970	2,029
	<b>96,873</b>	<b>90,767</b>	<b>26,151</b>	<b>22,453</b>
Less:				
<b>Current liabilities</b>				
Trade and other payables	40,180	24,508	3,790	4,339
Amounts due to contract customers	479	3,894	-	-
Bank borrowings	18,251	21,149	4,709	6,105
Derivative component of convertible loans	813	813	813	813
Finance lease payables	2,122	2,487	-	-
Loan from shareholders	6,291	-	6,291	-
Provision of taxation	1,151	1,275	171	171
	<b>69,287</b>	<b>54,126</b>	<b>15,774</b>	<b>11,428</b>
<b>Net current assets</b>	<b>27,586</b>	<b>36,641</b>	<b>10,377</b>	<b>11,025</b>
<b>Non-current liabilities</b>				
Bank borrowings	2,961	3,805	2,756	3,671
Finance lease payables	2,514	2,991	-	-
Liability component of convertible loans	7,364	6,290	7,364	6,290
Deferred tax liabilities	7,202	7,039	1,005	1,005
	<b>20,041</b>	<b>20,125</b>	<b>11,125</b>	<b>10,966</b>
<b>Net assets</b>	<b>92,646</b>	<b>102,769</b>	<b>71,570</b>	<b>72,405</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	69,866	68,174	69,866	68,174
Reserves	14,177	24,959	1,704	4,231
	<b>84,043</b>	<b>93,133</b>	<b>71,570</b>	<b>72,405</b>
Non-controlling interests	8,603	9,636	-	-
<b>Total equity</b>	<b>92,646</b>	<b>102,769</b>	<b>71,570</b>	<b>72,405</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 2015		As at 31 March 2015	
	Secured (Unaudited) \$'000	Unsecured (Unaudited) \$'000	Secured (Audited) \$'000	Unsecured (Audited) \$'000
Amount repayable within one year	17,811	8,853	19,794	3,842
Amount repayable after one year	12,839	-	12,917	169
	30,650	8,853	32,711	4,011

The borrowings of the Group comprised bank guarantees facilities, finance lease obligations, term loans, 10% interest bearing shareholder loan (of \$1.3 million), a non-interest bearing shareholder loan (of \$5.0 million) and an interest bearing convertible loan. 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").

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.

	Group			
	Third quarter ended		Nine months ended	
	31/12/2015 (Unaudited) \$'000	31/12/2014 (Restated) \$'000	31/12/2015 (Unaudited) \$'000	31/12/2014 (Restated) \$'000
<b>Operating activities</b>				
Loss before income tax	(5,120)	(5,413)	(9,843)	(23,082)
Adjustments for:				
Allowance for impairment loss of trade receivables	42	-	42	-
Amortisation of intangible assets	55	55	166	166
Amortisation of mining rights	59	123	177	369
Amortisation of land use rights	15	15	46	44
Bad debts recovered	-	-	(153)	-
Depreciation of property, plant and equipment	1,614	1,193	4,347	3,323
Loss/(gain) on disposal of property, plant and equipment	-	3	(43)	(49)
Placement promoters expenses	-	9,902	-	9,902
Plant and equipment written off	-	46	-	47
Project introducer fee	-	1,000	-	1,000
Reversal of allowance for doubtful trade receivables	-	-	(141)	-
Interest income	(12)	(4)	(20)	(11)
Interest expense	937	357	2,689	1,135
Operating cash flows before working capital changes	(2,410)	7,277	(2,733)	(7,156)
Working capital changes:				
Inventories	459	915	(535)	(1,764)
Trade and other receivables	(997)	5,219	(8,123)	(10,052)
Prepayments	(1,469)	1,301	920	878
Trade and other payables	2,296	(22,778)	12,833	4,142
Cash (used in)/ generated from operations	(2,121)	(8,066)	2,362	(13,952)
Income taxes (paid)/refund	(63)	155	(99)	81
Interest received	12	4	20	11
Net cash (used in)/generated from operating activities	(2,172)	(7,907)	2,283	(13,860)
<b>Investing activities</b>				
Addition of intangible assets	-	-	-	(8)
Purchase of property, plant and equipment	(1,435)	(1,126)	(4,588)	(4,016)
Proceeds from disposal of property, plant and equipment	-	36	89	83
Net cash used in investing activities	(1,435)	(1,090)	(4,499)	(3,941)

	Group			
	Third quarter ended		Nine months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	\$'000	\$'000	\$'000	\$'000
<b>Financing activities</b>				
Decrease in fixed deposit pledged	115	-	109	93
Proceeds from bank borrowings	144	489	589	2,713
Repayments of bank borrowings	(1,683)	(299)	(4,209)	(1,032)
Repayments of finance lease obligations	(660)	(717)	(2,180)	(2,221)
Loan from shareholders	1,320	-	6,291	-
Proceeds from convertible loans	-	10,000	-	10,000
Proceeds from issue of shares to non-controlling interests	-	-	-	10,005
Interest paid	(416)	(357)	(1,190)	(1,135)
Net cash (used in)/generated from financing activities	(1,180)	9,116	(590)	18,423
Net change in cash and cash equivalents	(4,787)	119	(2,806)	622
Cash and cash equivalents at beginning of financial period	14,091	12,677	11,525	11,603
Currency translation differences	603	(63)	1,188	508
Cash and cash equivalents at end of financial period	9,907	12,733	9,907	12,733

**Cash and cash equivalents comprise:**

	Group	
	Nine months ended	
	31/12/2015	31/12/2014
	(Unaudited)	(Restated)
	\$'000	\$'000
Fixed deposits with banks	4,522	5,478
Cash and bank balances	12,408	16,887
	16,930	22,365
Bank overdraft	(2,385)	(4,478)
Fixed deposit pledged	(4,638)	(5,154)
Cash and cash equivalents in the consolidated statement of cash flow	9,907	12,733

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.

Group (unaudited)	Share capital \$'000	Equity Component of convertible loans \$'000	Gain on disposals to non-controlling interests \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 October 2015	69,367	2,108	34,952	11,112	2,951	(31,321)	89,169	8,863	98,032
<b>Loss for the financial period</b>	-	-	-	-	-	(4,819)	(4,819)	(301)	(5,120)
<u>Other comprehensive income</u>									
Foreign currency differences on 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
At 31 December 2015	69,866	2,108	34,952	11,112	2,145	(36,140)	84,043	8,603	92,646



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.

Group (restated)	Share capital \$'000	Other reserve \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non-controlling Interests \$'000	Total equity \$'000
At 1 October 2014	67,174	28,746	8,878	53	(15,883)	88,968	7,456	96,424
<b>Loss for the financial period</b>	-	-	-	-	(4,760)	(4,760)	(728)	(5,488)
<u>Other comprehensive income</u>								
Foreign currency differences on translation of foreign operations	-	-	-	1,031	-	1,031	464	1,495
<b>Total comprehensive income for the financial period</b>	-	-	-	1,031	(4,760)	(3,729)	(264)	(3,993)
Issuance of shares	1,000	-	-	-	-	1,000	-	1,000
<b>Total transactions with owners of the parent</b>	1,000	-	-	-	-	1,000	-	1,000
At 31 December 2014	68,174	28,746	8,878	1,084	(20,643)	86,239	7,192	93,431

(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 \$'000	Equity component of convertible loans \$'000	Asset revaluation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 October 2015	69,367	2,108	926	(738)	71,663
<b>Loss for the financial period</b>	-	-	-	(592)	(592)
<b>Total comprehensive income for the financial period</b>	-	-	-	(592)	(592)
<u>Contributions and distributions to owners</u>					
Issuance of shares to convertible loan holders	499	-	-	-	499
<b>Total contributions by and distributions to owners</b>	499	-	-	-	499
At 31 December 2015	69,866	2,108	926	(1,330)	71,570

(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).

	Share capital	Asset revaluation reserve	Retained earnings	Total equity
Company (restated)	\$'000	\$'000	\$'000	\$'000
At 1 October 2014	67,174	470	9,160	76,804
Loss for the financial period	-	-	(1,038)	(1,038)
Total comprehensive income for the financial period	-	-	(1,038)	(1,038)
<u>Contributions and distributions to owners</u>				
Issuance of shares	1,000	-	-	1,000
Total contributions by and distributions to owners	1,000	-	-	1,000
At 31 December 2014	68,174	470	8,122	76,766

(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 since 30 September 2015 to 31 December 2015 are as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 30 September 2015	787,485,686	69,366,705
Allotment and issue of new ordinary shares as convertible loan interest shares	4,380,000	499,758
Issued and fully paid ordinary shares as at 31 December 2015	791,865,686	69,866,463

Warrants

As at 31 December 2015, 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 2014, there were 386,574,593 warrants.

Performance share plan

On 26 November 2014, the Company had made grants aggregating to 4,950,000 Shares Awards to Directors and employees of the Group under the TriTech Group Performance Share Plan. The Company did not make any grants of Share Awards as at 31 December 2015.

Treasury shares

The Company did not have any outstanding treasury shares as at 31 December 2015 and 31 December 2014.

Convertible loans

On 21 September 2014, the Company had entered into a convertible loan 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 loan. 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 48,929,439 and 49,237,977 outstanding loan conversion shares and interest conversion shares as at 31 December 2014 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 31.12.2015	As at 31.03.2015
Total number of issued shares excluding treasury shares	791,865,686	778,962,186

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 were 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 auditor.

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 preparation of the financial statements for the current reporting period compared with those used in the most recently audited annual financial statements for the financial year ended 31 March 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current 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 2015. 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.

	3Q2016 (Unaudited)	3Q2015 (Restated)	9M2016 (Unaudited)	9M2015 (Restated)
(a) Basic loss per share (SGD cents)	(0.61)	(0.61)	(1.16)	(2.93)
(b) Diluted loss per share (SGD cents)	(0.61)	(0.61)	(1.16)	(2.93)

- (a) Basic loss per share of 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 9 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.

Basic loss per share of the Group in the three months ended 31 December 2014 (“3Q2015”) is calculated based on the weighted average number of ordinary shares in issue of 775,866,132.

Basic loss per share for the 9 months financial period ended 31 December 2014 (“9M2015”) is calculated based on the weighted average number of ordinary shares in issue of 774,058,128.

- (b) Diluted loss per share of the Group in 3Q2016, 9M2016, 3Q2015 and 9M2015 are the same as the basic loss per share because the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

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	
	9M2016 (Unaudited)	FY2015 (Restated) (Audited)	9M2016 (Unaudited)	FY2015 (Restated) (Audited)
Net asset value per ordinary share based on issued share capital (SGD cents)	10.61	11.96	9.04	9.30

The net asset value per ordinary share of the Group and the Company as at 31 December 2015 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 791,865,686 (31 March 2015: 778,962,186).

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.

#### REVIEW OF INCOME STATEMENT OF THE GROUP

Financial period ended 31 December 2015 ("3Q2015") vs financial period ended 31 December 2016 ("3Q2016")

The Group's revenue increased by \$0.4 million to \$17.6 million in 3Q2016. The increase was mainly due to the increase in revenue from marble resource and related services business of \$0.9 million and the increase in revenue from water-related and environmental business of \$0.7 million. The increase was offset by the decrease in revenue of engineering business of \$1.2 million.

The Group's gross profit decreased by \$0.4 million to \$2.4 million in 3Q2016 mainly due to increase in manpower costs and subcontractor costs water-related and environmental business.

The Group's administrative costs decreased by \$1.2 million to \$4.3 million in 3Q2016 mainly due to the absence of one-off expenses arising from project introducer fee of \$1.0 million for services provided by Successive Investment Limited incurred in 3Q2015 and the decrease in office expenses of \$0.2 million in 3Q2016.

Distribution costs decreased by \$0.2 million to \$0.3 million in 3Q2016 mainly due to decrease in manpower costs, transport and travelling expenses of water-related and environmental business as a result of tighter cost control.

Finance costs increased by \$0.5 million to \$0.9 million in 3Q2016 mainly due to the interests incurred on the convertible loans during the financial period under review.

As a result of the above, the Group recorded a loss after tax of \$5.1 million in 3Q2016 as compared to a loss after tax of \$5.5 million in 3Q2015.

## REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$85.1 million as at 31 December 2015, a decrease of \$1.2 million from 31 March 2015. The decrease was a result of exchange translation loss arising from the Group's property, plant and equipment as a result of a weaker CNY and RM against SGD in the nine months financial period under review.

Current assets which comprise inventories, trade and other receivables, tax recoverable, prepayments, amounts due from contract customers and cash and bank balances, were \$96.9 million as at 31 December 2015. This represents an increase of \$6.1 million from 31 March 2015. The increase was mainly due to the increase in amounts due from contract customers of \$3.7 million, the increase in trade and other receivables of \$4.5 million and inventories of \$0.6 million. Such increase was mainly due to corresponding increase in revenue from both marble resource business and water and environmental business. However, this was partially offset by a decrease in prepayment of \$0.9 million and cash and bank balances of \$1.8 million. The decrease in prepayment to suppliers was due to reclassification of prepayments to cost of sales upon receipt of supplier invoices.

Current liabilities which comprise trade and other payables, amounts due to contract customers, bank borrowings, derivative component of convertible loans, finance lease payables, loan from shareholders and provision of taxation were \$69.3 million as at 31 December 2015, an increase of \$15.2 million from 31 March 2015. The increase was mainly due to increase in trade and other payables of \$15.7 million in relation to additional purchases for current work-in-progress projects for water-related and environmental business in PRC and the increase of loan from shareholders of \$6.3 million. The increase was offset by the decrease in amounts due to contract customers, bank borrowings, finance lease payables and provision of taxation totalling \$6.8 million.

Non-current liabilities were \$20.0 million as at 31 December 2015, a decrease of \$0.1 million from \$20.1 million as at 31 March 2015. This was mainly due to the decrease in finance lease payables of \$0.5 million and bank borrowings of \$0.9 million offset by the increase in liability component of convertible loans of \$1.1 million and deferred tax liabilities of \$0.2 million.

The Group had a positive working capital of \$27.6 million as at 31 December 2015 as compared to \$36.6 million as at 31 March 2015.

## REVIEW OF CASH FLOW STATEMENT OF THE GROUP

The Group had a net cash used in operating activities amounting to \$2.2 million in 3Q2016. The net cash used in 3Q2016 was mainly due to an operating cash outflow of \$2.4 million before working capital changes and working capital inflow of \$0.2 million. The working capital inflow was mainly due to increase in trade and other receivables as well as trade and other payables and decrease in prepayments.

Net cash of \$1.4 million was used in investing activities in 3Q2016, for the purchase of new machinery and equipment.

Net cash of \$1.2 million was used in financing activities in 3Q2016 was mainly due to cash outflow for repayment of bank borrowings of \$1.7 million, repayment of finance lease obligations of \$0.7 million and interest payment of \$0.4 million offset by cash inflow from additional interest bearing loan from shareholder of \$1.3 million, decrease in fixed deposit pledge and proceeds from bank borrowings of \$0.3 million.

The shareholder loan was pursuant to a loan agreement entered into between the Company and an independent shareholder on 21 December 2015 for the purpose of working capital. The principle amount of \$1.3 million is subject to an interest of 10% per annum payable on a monthly basis with tenure of 1 year.



As at 31 December 2015, the Group had cash and bank balances amounting to \$9.9 million, a decrease from \$11.5 million as at 31 March 2015.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The industry outlook for the Group's engineering business remains challenging in the next 12 months with increasing competition, higher operating costs and manpower shortages, which has led to a substantial downward pressure on our profit margins. However, we have managed to maintain a profitable position for our engineering business for the nine months ended 31 December 2015. The Management remains confident and optimistic on the long-term performance of our business. As at 31 January 2016, the order book for the engineering business was approximately \$124 million.

The Group's water-related and environmental business has improved. The Group has completed the restructuring of our water-related and environmental business under a wholly owned subsidiary. This will provide us a unique platform with business coverage from design, products, construction, to operation and maintenance in China and Southeast Asia.

For full commentary on the Group's marble resources and related services business, please refer to the financial results announcement of Terratech in respect of the financial period ended 31 December 2015 which was released separately on 5 February 2016.

**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 current financial period.
- 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.
- 14 **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 nine months ended 31 December 2015 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Dr Wang Xiaoning

Managing Director

5 February 2016