



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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

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

	Second quarter ended 30 September			Half year ended 30 September		
	2018	2017	Change	2018	2017	Change
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Revenue	16,479	18,517	(11.0)	30,585	35,584	(14.0)
Cost of sales	(13,562)	(16,487)	(17.7)	(24,650)	(30,243)	(18.5)
Gross profit	2,917	2,030	43.7	5,935	5,341	11.1
Other income	245	214	14.5	360	424	(15.1)
Distribution expenses	(233)	(299)	(22.1)	(415)	(540)	(23.1)
Administrative expenses	(3,057)	(3,677)	(16.9)	(6,332)	(7,543)	(16.1)
Other expenses	(1,051)	(2,063)	(49.1)	(2,091)	(7,090)	(70.5)
Finance costs	(723)	(737)	(1.9)	(1,363)	(2,577)	(47.1)
Share of results of associates	-	(28)	n.m.	-	(31)	n.m.
Loss before taxation	(1,902)	(4,560)	(58.3)	(3,906)	(12,016)	(67.5)
Income tax credit	50	-	n.m.	43	6	616.7
Loss from continuing operations, net of income tax	(1,852)	(4,560)	(59.4)	(3,863)	(12,010)	(67.8)
Discontinued operation ⁽¹⁾						
Gain on disposal of 52.24% economic interest in a subsidiary	-	-	-	-	11,134	n.m.
Loss from discontinued operation, net of income tax	-	-	-	-	(1,761)	n.m.
Loss for the financial period	(1,852)	(4,560)	(59.4)	(3,863)	(2,637)	46.5
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences realised on loss of control in subsidiaries reclassified to profit or loss	-	-	-	-	(357)	n.m.
Exchange differences on translating foreign operations, net of tax	(231)	38	(707.9)	(333)	(181)	84.0
Total comprehensive income for the financial period	(2,083)	(4,522)	(53.9)	(4,196)	(3,175)	32.2
Loss attributable to:						
Owners of the parent						
Loss from continuing operations	(1,834)	(4,625)	(60.3)	(3,833)	(12,072)	(68.2)
Profit from discontinued operation	-	-	-	-	10,184	n.m.
Loss for the financial period attributable to owners of the Company	(1,834)	(4,625)	(60.3)	(3,833)	(1,888)	103.0
Non-controlling interest						
(Loss)/Profit from continuing operations	(18)	65	(127.7)	(30)	62	(148.4)
Loss from discontinued operation	-	-	-	-	(811)	n.m.
(Loss)/Profit for the financial period attributable to non-controlling interests	(18)	65	(127.7)	(30)	(749)	(96.0)
Loss for the financial period	(1,852)	(4,560)	(59.4)	(3,863)	(2,637)	46.5
Total comprehensive income attributable to:						
Owners of the parent	(2,065)	(4,587)	(55.0)	(4,166)	(2,122)	96.3
Non-controlling interest	(18)	65	(127.7)	(30)	(1,053)	(97.2)
Total comprehensive income for the financial period	(2,083)	(4,522)	(53.9)	(4,196)	(3,175)	32.2

n.m. not meaningful

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

	Second quarter ended 30 September			Half year ended 30 September		
	2018	2017	Change	2018	2017	Change
	(Unaudited) \$'000	(Unaudited) \$'000	%	(Unaudited) \$'000	(Unaudited) \$'000	%
Other income						
Gain on disposal of plant and equipment	78	7	1,014.3	53	7	657.1
Interest income	4	5	(20.0)	9	10	(10.0)
Writeback of liability	135	127	6.3	135	127	6.3
Rental income	8	48	(83.3)	24	104	(76.9)
Sundry income	20	27	(25.9)	139	176	(21.0)
Cost of sales, distribution, administrative and other expenses						
Depreciation of property, plant and equipment	(1,100)	(1,126)	(2.3)	(2,227)	(2,355)	(5.4)
Amortisation of land use right	(13)	(14)	(7.1)	(28)	(28)	-
Amortisation of intangible assets	(42)	(42)	-	(84)	(84)	-
Fair value loss on investment securities	(302)	(1,127)	(73.2)	(553)	(5,151)	(89.3)
Property, plant and equipment written off	(9)	-	n.m	(9)	-	n.m

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
	30/9/2018	31/3/2018	30/9/2018	31/3/2018
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	48,539	51,425	1,546	1,565
Investments in subsidiaries	-	-	70,298	70,257
Investments in associate	624	625	-	-
Land use right	2,404	2,552	-	-
Intangible assets	1,431	1,517	-	-
	<u>52,998</u>	<u>56,119</u>	<u>71,844</u>	<u>71,822</u>
Current assets				
Inventories	2,314	1,907	-	-
Trade and other receivables	10,815	12,546	22,382	23,585
Contract assets	48,987	44,407	-	-
Tax recoverable	66	3	-	-
Prepayments	2,454	2,641	88	155
Investment securities	1,257	1,810	1,257	1,810
Cash and short term deposits	6,711	8,150	1,597	1,936
	<u>72,604</u>	<u>71,464</u>	<u>25,324</u>	<u>27,486</u>
Total assets	<u>125,602</u>	<u>127,583</u>	<u>97,168</u>	<u>99,308</u>
Less:				
Current liabilities				
Trade and other payables	35,555	33,646	5,506	5,523
Contract liabilities	7,017	4,624	-	-
Bank borrowings	20,909	21,949	3,319	4,144
Finance lease payables	1,288	1,559	-	-
Loan from shareholders	3,945	3,930	2,320	2,320
Current income tax payable	612	615	171	171
	<u>69,326</u>	<u>66,323</u>	<u>11,316</u>	<u>12,158</u>
Net current assets	<u>3,278</u>	<u>5,141</u>	<u>14,008</u>	<u>15,328</u>
Non-current liabilities				
Bank borrowings	315	370	299	311
Finance lease payables	420	956	-	-
Liability component of convertible loan	3,326	3,326	3,326	3,326
Deferred tax liabilities	1,953	2,107	353	353
	<u>6,014</u>	<u>6,759</u>	<u>3,978</u>	<u>3,990</u>
Total liabilities	<u>75,340</u>	<u>73,082</u>	<u>15,294</u>	<u>16,148</u>
Net assets	<u>50,262</u>	<u>54,501</u>	<u>81,874</u>	<u>83,160</u>
Equity				
Share capital	77,653	77,653	77,653	77,653
Reserves	(27,597)	(23,530)	4,221	5,507
Total equity attributable to owners of the parent	<u>50,056</u>	<u>54,123</u>	<u>81,874</u>	<u>83,160</u>
Non-controlling interests	206	378	-	-
Total equity	<u>50,262</u>	<u>54,501</u>	<u>81,874</u>	<u>83,160</u>

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

	As at 30 September 2018		As at 31 March 2018	
	Secured	Unsecured	Secured	Unsecured
	(Unaudited) \$'000	(Unaudited) \$'000	(Audited) \$'000	(Audited) \$'000
Amount repayable within one year	20,106	6,036	21,710	5,728
Amount repayable after one year	4,046	15	4,594	58
	24,152	6,051	26,304	5,786

The borrowings of the Group comprised of finance lease obligations, term loans, 10% interest bearing shareholder loan (of \$2.3 million) and a non-interest bearing shareholder loan (of \$1.6 million). The bank guarantees are secured by fixed deposits placed with the financial institutions and corporate guarantees 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 guarantees from the Company;
- (v) personal guarantees given by the directors of a subsidiary; and
- (vi) the land use right of the Company's subsidiary and leasehold property of the Group in the People's Republic of China ("PRC").

Convertible Loan

On 27 October 2017, the Company had entered into convertible loan agreement ("CLA") with a private company (the "Lender"), pursuant to which the Lender has agreed to grant an interest-bearing convertible loan of \$4,000,000 principal amount to the company. The Company had drawn down \$4,000,000 of the convertible loans at the same day of entering into the agreement.

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

	Second quarter ended		Half year ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Loss before tax from continuing operations	(1,902)	(4,560)	(3,906)	(12,016)
Profit before tax from discontinued operation	-	-	-	9,415
Loss before taxation, total	(1,902)	(4,560)	(3,906)	(2,601)
Adjustments for:				
Amortisation of intangible assets	42	42	84	84
Amortisation of mining rights	-	-	-	15
Amortisation of land use rights	13	14	28	28
Depreciation of property, plant and equipment	1,100	1,126	2,227	2,355
Fair value loss on investment securities	302	1,127	553	5,151
Gain on disposal of plant and equipment	(78)	(7)	(53)	(7)
Gain on loss of control of a subsidiary	-	-	-	(11,134)
Interest income	(4)	(5)	(9)	(10)
Interest expense	603	492	1,123	963
Interest expense - convertible loan	121	245	241	1,618
Writeback of liability	(135)	(127)	(135)	(127)
Write-off of plant and equipment	9	-	9	37
Share of results of associates	-	28	-	31
Operating cash flow before working capital changes	71	(1,625)	162	(3,597)
Working capital changes:				
Inventories	355	(509)	(406)	(423)
Trade and other receivables	2,054	1,643	1,731	(520)
Contract assets	(4,088)	(210)	(4,580)	(1,602)
Prepayments	109	(171)	145	83
Trade and other payables	(2,878)	(756)	2,045	1,223
Contract liabilities	6,964	980	2,393	297
Cash generated from/(used in) operations	2,587	(648)	1,490	(4,539)
Income taxes refunded/(paid)	67	(4)	(10)	(3)
Interest received	4	5	9	10
Net cash generated from/(used in) operating activities	2,658	(647)	1,489	(4,532)
Cash flows from investing activities				
Loss of control in subsidiaries (net of cash disposed of)	-	-	-	(1,397)
Purchase of plant and equipment	(374)	(213)	(982)	(734)
Proceeds from disposal of investment securities	-	26	-	2,221
Proceeds from disposal of plant and equipment	90	61	272	78
Net cash (used in)/generated from investing activities	(284)	(126)	(710)	168
Cash flows from financing activities				
Acquisition of associate	-	-	-	(203)
Decrease in fixed deposit	-	98	-	1,003
Proceeds from bank borrowings	24	-	1,110	938
Loan from shareholders	8	64	15	548
Repayments of bank borrowings	(436)	(540)	(1,561)	(1,091)
Repayments of convertible loans	-	-	(240)	(125)
Repayments of finance lease obligations	(376)	(806)	(843)	(1,267)
Repayments of shareholder loan	-	-	-	(590)
Proceeds from issuance of placement shares	-	-	-	2,016
Interest paid	(602)	(492)	(1,123)	(963)
Net cash (used in)/generated from financing activities	(1,382)	(1,676)	(2,642)	266
Net change in cash and cash equivalents	992	(2,449)	(1,863)	(4,098)
Cash and cash equivalents at beginning of financial year	874	2,433	3,511	3,945
Currency translation differences	165	51	383	188
Cash and cash equivalents at end of financial year	2,031	35	2,031	35
Cash and cash equivalents comprise:				
			Group	
			Half year ended	
			30/9/2018	30/9/2017
			(Unaudited)	(Unaudited)
Short-term deposits			3,248	3,332
Cash and bank balances			3,464	2,119
Cash and cash equivalents			6,712	5,451
Bank overdraft			(1,771)	(2,405)
Fixed deposit pledged			(2,910)	(3,011)
Cash and cash equivalents in the consolidated cash flow statement			2,031	35

(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	Gains 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 July 2018	77,653	2,772	34,952	-	(120)	(63,237)	52,020	365	52,385
Loss for the financial period	-	-	-	-	-	(1,834)	(1,834)	(18)	(1,852)
<u>Other comprehensive income</u>									
Exchange differences arising from translation of foreign operations	-	-	-	-	(231)	-	(231)	-	(231)
Total comprehensive income for the financial period	-	-	-	-	(231)	(1,834)	(2,065)	(18)	(2,083)
<u>Changes in ownership interests in subsidiaries</u>									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	101	101	(141)	(40)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	101	101	(141)	(40)
At 30 September 2018	77,653	2,772	34,952	-	(351)	(64,970)	50,056	206	50,262

(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 bonds	Gain on disposals to non-controlling interests	Asset revaluation reserve	Foreign currency translation reserve	Accumulated profits/ (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 July 2017 (As previously reported)	77,653	2,108	34,592	9,269	522	(56,587)	67,557	322	67,879
Effects of adopting of Singapore Financial Reporting Standards (International)	-	-	-	(9,269)	(437)	9,706	-	-	-
At 1 July 2017 (As restated)	77,653	2,108	34,592	-	85	(46,881)	67,557	322	67,879
Loss/(Profit) for the financial period	-	-	-	-	-	(4,625)	(4,625)	65	(4,560)
<u>Other comprehensive income</u>									
Exchange differences arising from translation of foreign operations	-	-	-	-	38	-	38	-	38
Total comprehensive income for the financial period	-	-	-	-	38	(4,625)	(4,587)	65	(4,522)
At 30 September 2017 (As restated)	77,653	2,108	34,592	-	123	(51,506)	62,970	387	63,357

(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	Equity component of convertible loans	Asset revaluation reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Company (Unaudited)					
At 1 July 2018	77,653	2,772	-	2,132	82,557
Loss for the financial period	-	-	-	(683)	(683)
Total comprehensive income for the financial period	-	-	-	(683)	(683)
At 30 September 2018	77,653	2,772	-	1,449	81,874
Company (Unaudited)					
At 1 July 2017 (As previously reported)	77,653	2,108	952	4,492	85,205
Effects of adopting of Singapore Financial Reporting Standards (International)	-	-	(952)	952	-
At 1 July 2017 (As restated)	77,653	2,108	-	5,444	85,205
Loss for the financial period	-	-	-	(1,949)	(1,949)
Total comprehensive income for the financial period	-	-	-	(1,949)	(1,949)
At 30 September 2017 (As restated)	77,653	2,108	-	3,495	83,256

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of the changes in the issued and paid-up capital of the Company from 30 June 2018 to the three months ended 30 September 2018 (“2Q2019”) were as follows:-

Ordinary shares

	Number of shares	\$
Issued and fully paid ordinary shares as at 30 June 2018	907,971,182	77,653,368
Issued and fully paid ordinary shares as at 30 September 2018	907,971,182	77,653,368

Warrants

As at 30 September 2018, there were 386,574,593 bonus warrants allotted and issued, each warrant carrying the right to subscribe for one new share of the Company at an exercise price of \$0.20 for each new share. As at 30 September 2017, there were 386,574,593 warrants, convertible into 386,574,593 ordinary shares.

Tritech Group Performance Share Plan and Tritech Group Employee Share Option Scheme

The Company did not have any share awards as at 30 September 2018 and 30 September 2017.

Treasury shares and subsidiary holdings

The Company did not have any outstanding treasury shares or subsidiary holdings as at 30 September 2018 and 30 September 2017.

Convertible Loans

On 27 October 2017, the Company had entered into convertible loan agreement (“CLA”) with a private company (the “Lender”), pursuant to which the Lender has agreed to grant an interest-bearing convertible loan of \$4,000,000 principal amount to the company. The Company had drawn down \$4,000,000 of the convertible loans at the same day of entering into the agreement. The convertible loan is convertible into 50,000,000 ordinary shares, at a conversion price of \$0.08 per share subject to adjustments in accordance with the provisions of the CLA.

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

	As at 30.09.2018	As at 31.03.2018
Total number of issued shares excluding treasury shares	907,971,182	907,971,182

1(d)(iv) A statement showing all sales, transfers, 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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings 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 auditor.

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 financial statements for the current reporting period and as those used in the most recently audited annual financial statements for the financial year ended 31 March 2018.

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.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on Singapore Exchange Securities Trading Limited ("SGX-ST") are required to adopt Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group adopted SFRS(I) on 1 April 2018.

Cumulative Translation differences

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 April 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 April 2017.

Use of previous revaluation as deemed cost

The Group has elected to use the previous revaluation of an item of plant, property and equipment ("PPE") at or before the date of transition to SFRS(I) on 1 April 2017 as deemed cost at the date of revaluation. The deemed cost becomes the SFRS(I) cost basis at the date of the revaluation.

The impact on the comparatives for the financial statements of this reporting quarter on adoption of SFRS(I) are as follows:

Group	1/7/2017			31/3/2018		
	As reported	Effects	As restated	As reported	Effects	As restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statements of Financial Position</u>						
Property, plant and equipment	-	-	-	51,462	(37)	51,425
Deferred tax liabilities	-	-	-	2,101	6	2,107
Asset revaluation reserve	9,269	(9,269)	-	8,398	(8,398)	-
Foreign currency reserve	522	(437)	85	419	(437)	(18)
Accumulated losses	(56,587)	9,706	(46,881)	(70,028)	8,792	(61,236)

Company	1/7/2017			31/3/2018		
	As reported	Effects	As restated	As reported	Effects	As restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statements of Financial Position</u>						
Property, plant and equipment	-	-	-	1,602	(37)	1,565
Deferred tax liabilities	-	-	-	347	6	353
Asset revaluation reserve	952	(952)	-	996	(996)	-
Retained earnings	4,492	952	5,444	1,781	953	2,734

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.

	2Q2019	2Q2018	1H2019	1H2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss per share from continuing operations				
(a) Basic loss per share (SGD cents)	(0.20)	(0.51)	(0.42)	(0.21)
(b) Diluted loss per share (SGD cents)	(0.20)	(0.51)	(0.42)	(0.21)

- (a) Basic loss per share of the Group for the 3 months financial period ended 30 September 2018 ("2Q2019") is calculated based on the weighted average number of ordinary shares in issue of 907,971,182.

Basic loss per share of the Group for the half year financial period ended 30 September 2018 ("1H2019") is calculated based on the weighted average number of ordinary shares in issue of 907,971,182.

Basic loss per share of the Group for the 3 months financial period ended 30 September 2017 ("2Q2018") and the half year financial period ended 30 September 2017 ("1H2018") is calculated based on the weighted average number of ordinary shares in issue of 907,971,182.

- (b) Diluted loss per share of the Group in 2Q2019, 1H2019, 2Q2018 and 1H2018 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 as the conversion price or exercise price respectively were 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:-
- current financial period reported on; and
 - immediately preceding financial year.

	Group		Company	
	1H2019 (Unaudited)	FY2018 (Audited)	1H2019 (Unaudited)	FY2018 (Audited)
Net asset value per ordinary share based on issued share capital (SGD cents)	5.51	5.97	9.02	9.16

The net asset value per ordinary share of the Group and the Company as at 30 September 2018 were calculated based on the total issued number of ordinary shares (excluding treasury shares) of 907,971,182 (31 March 2018: 907,971,182).

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:-
- 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
 - 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

2Q2019 compared with 2Q2018

The Group's revenue decreased by \$2.0 million from \$18.5 million in 2Q2018 to \$16.5 million in 2Q2019 mainly due to the decrease in revenue from engineering business of \$4.2 million from the completion of certain projects, which was partially offset with the increase in revenue in the water-related and environmental business of \$2.2 million.

Despite the Group's revenue decreased by \$2.0 million in 2Q2019, gross profit increased by \$0.9 million from \$2.0 million in 2Q2018 to \$2.9 million in 2Q2019, as a result of cost cutting measures implemented by the Group. Correspondingly, gross profit margin increased from 11% to 18%.

The Group's administrative expenses decreased by \$0.6 million from \$3.7 million in 2Q2018 to \$3.1 million in 2Q2019 mainly due to lower staff related costs.

The Group's other expenses decreased by \$1.0 million from \$2.1 million in 2Q2018 to \$1.1 million in 2Q2019 mainly due to lower fair value loss on investment securities of approximately \$0.8 million which relates to the quoted shares of Capital World Limited held by the Company.

As a result of the above, the Group recorded a loss after tax of \$1.9 million in 2Q2019 as compared to a loss after tax of \$4.6 million in 2Q2018.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current assets of the Group amounted to \$53.0 million as at 30 September 2018, a decrease of \$3.1 million from \$56.1 million as at 31 March 2018. The decrease was mainly due to depreciation charges and amortisation of \$2.3 million relating to PPE, land use rights and intangible assets, disposal of PPE of \$0.2 million and foreign currency translation loss of \$1.6 million, partially offset by the purchase of PPE of \$1.0 million.

Current assets were \$72.6 million as at 30 September 2018. The increase of \$1.1 million from \$71.5 million as at 31 March 2018 was mainly due to an increase of \$4.6 million from contract assets and inventories of \$0.4 million arising from water-related and environmental business, partially offset with the decrease in trade and other receivables, investment securities, prepayment and cash and short term deposits of \$3.9 million.

Current liabilities were \$69.3 million as at 30 September 2018. The increase of \$3.0 million from \$66.3 million as at 31 March 2018 was due to increase in contract liabilities of \$2.4 million from projects of water-related and environmental business in PRC and increase in trade and other payables of \$1.9 million arising from purchases and VAT tax from new projects of water and environmental business in PRC. The increase was partially offset with the decrease in bank borrowings and finance lease payable of \$1.3 million from repayments made.

Non-current liabilities were \$6.0 million as at 30 September 2018, a decrease of \$0.8 million from \$6.8 million as at 31 March 2018. This was mainly due to the repayment of finance lease and decrease in deferred tax liabilities.

The Group had a positive working capital of \$3.3 million as at 30 September 2018 as compared to \$5.1 million as at 31 March 2018.

REVIEW OF CASH FLOW STATEMENT OF THE GROUP

The Group recorded a net cash generated from operating activities amounting to \$2.7 million in 2Q2019. The net cash generated from operating activities in 2Q2019 was mainly due to an operating cash inflow of \$0.07 million before working capital changes and working capital inflow of \$2.6 million. The net cash inflow generated was mainly due to the increase in contract liabilities and decrease in trade and other receivables, partially offset by the increase in contract assets and increase in trade and other payables.

Net cash of \$0.3 million used in investing activities in 2Q2019, mainly due to cash outflow for purchase of new plant and equipment, partially offset by cash inflow from proceeds arising from disposal of plant and equipment.

Net cash of \$1.4 million used in financing activities in 2Q2019, mainly due to cash outflow for the repayment of bank borrowings, finance lease and interest payment.

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

No forecast or prospect statement has been previously issued.

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 has continually put in effort to secure projects with higher profit margin by leveraging on our technology know-how to focus on high technology-oriented projects, consultancy and design services on large-scale projects.

Our Water-related and Environmental Business is facing competitive landscape in the markets where we operate in, we are endeavouring to mitigate the challenges by cutting operation cost and securing large scale projects with reasonable margin.

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

(a) **Whether an interim (final) ordinary 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 received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**
Not applicable

12. **If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 30 September 2018.

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 has not obtained 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 720(1) of the Catalist Listing Manual.**

The Company has procured undertakings from all its directors and executive officer under Rule 720(1).

15. Confirmation pursuant to Rule 705(5) of the 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 six month ended 30 September 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Wang Xiaoning

Managing Director

9 November 2018