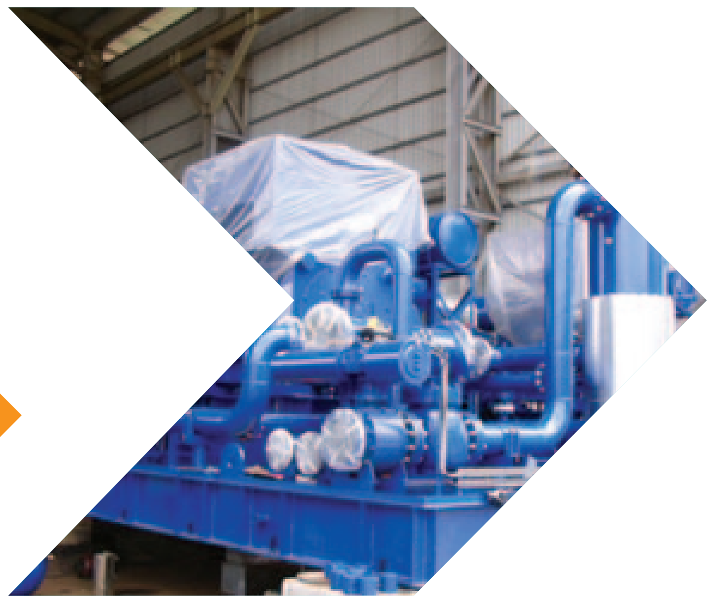
STEADILY PROGRESSING

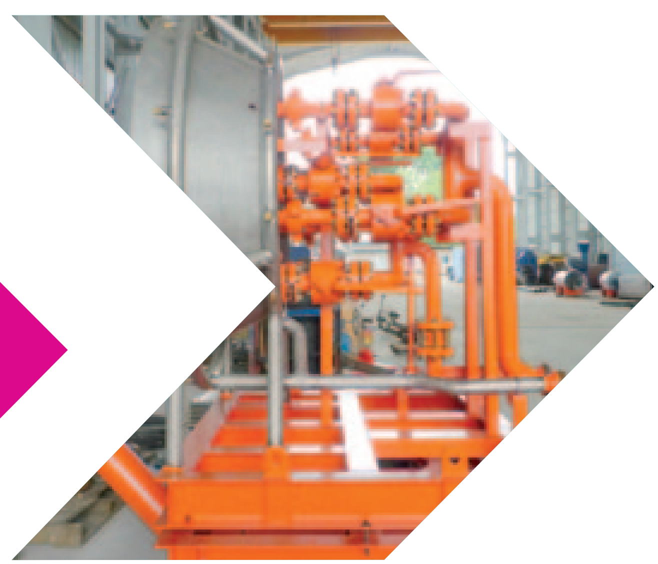
ANNUAL REPORT 2015

TECHNICS OIL & GAS LIMITED

CONTENTS

01 Corporate Profile
02 Our Services
04 Financial Highlights
06 Chairman's Statement
10 Operations Review
12 Board of Directors
15 Management Team
16 Corporate Structure
18 Corporate Information
19 Financial Contents





CORPORATE PROFILE

Technics Oil & Gas Limited ("Technics" or referred to collectively as the "group") is a leading full service integrator of compression systems and process modules for the global offshore oil and gas sector.

Technics designs, concept engineers and fabricates process modules and equipment, including gas compression packages, which are integrated to form the operating system for production operations and storage applications in offshore and onshore oil and gas exploration and production activities ("O&G"). The group also manufactures super-size gas compression systems, topsides and process modules of more than 500 MT each.

Synonymous with safety, quality and reliability, Technics is an authorized integrator of gas compression systems for four American / European gas compressor manufacturers, Ariel Corporation, Cameron, Frick Gas Compressors (Johnson Controls) and Howden Compressors.

Established in 1990 as a modest start-up with only 12 staff, Technics has grown from strength to strength and became a public-listed entity on Singapore Exchange SESDAQ in April 2003 and was upgraded to Mainboard of the Singapore Exchange in January 2008. Notably, Technics was also successfully listed on the Taiwan's over-the-counter market, Gretai Securities Market via Taiwan Depository Receipts in February 2011, making it the debut SGX counter to be listed on GreTai Securities Market. Since its listings, Technics has embarked on an on-going, multi-pronged expansion programme to address the immense business potential in the oil and gas sector.

In addition to its engineering and fabrication facilities, Technics operates two waterfront yards (50,090 square metres) located in Singapore and Indonesia's Batam Island. The construction of the jetty in the expanded Singapore yard has been completed since the end of 2009. The jetty is equipped with customised heavy-lift material handling facility for direct offloading of completed process modules weighing up to 1,000 tonnes from the shore onto a regular barge.

With a current strength of 350 full-time employees including inhouse design and engineering team, Technics is one of the leading premier supply vendors for gas compression systems and topside process modules and equipment for Floating Production, Storage and Offloading ("FPSO") and Mobile Offshore Production Units ("MOPUs"), as well as fixed platforms, oil rigs and semisubmersibles. Other products include sub-sea high pressure manifolds, sub-sea protective structures and piping skids, as well as metering skids and mud-gas separators.

Over the past years, Technics has made strategic business ventures to expand its service and product offerings so as to entrench itself in the growing O&G and marine market. Technics' associated company, Norr Systems, provides electrical propulsion systems and ship-board automation systems, as well as dynamic positioning training for offshore vessels to operator teams under the Nautical Institute Scheme on Dynamic Positioning Vessel Control, using a L3-Communications NMS6000 Dynamic Positioning System. Technics has also incorporated a subsidiary, Technics Systems Solutions Pte Ltd , which will design, engineer, integrate, test and supply automation components for the O&G and Power industries. Technics has further incorporated V Offhore Engineering Pte Ltd in October 2012 which provides technical services, engineering services and fabrication of equipment. Technorr Marine Pte. Ltd. was incorporated on 15 May 2014 as part of the strategy to venture into ship chartering and ship building business. As of September 30, 2015, the group also holds 70% stake in Rigging & Marine Services Pte Ltd ("RMS") and Marinelift Testing & Supply Pte Ltd ("MTS"), and 74% stake in Vigahs Marine Technologies Pte Ltd among other subsidiaries.

In order to offer total engineering solutions to a variety of key customers, Technics has been actively building up a wider range of engineering services which include:

i. Construction of jetty and new building

   Technics' existing property at 72 Loyang Way, Singapore 508762 is a fully functional and equipped jetty capable of offering repair, maintenance, fabrication and other auxiliary services to visiting vessels. The group also sublets some of the premises in this new building to potential users who are operating in the marine-related and offshore oil & gas industry.

ii. Equipment leasing business

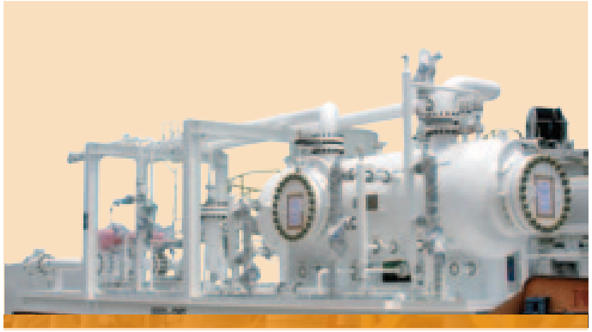
   The group is offering equipment leasing solutions to customers who have indicated their preference to lease the group's equipment as such leasing arrangements will lead to improved mechanical availability.

The group's business coverage now encompasses Singapore, Indonesia, Malaysia, Thailand, Vietnam, USA, Middle East, Australia, Myanmar and Bangladesh, with offices in Singapore, Batam and Jakarta. Fuelled by a strong commitment to excel and backed by a network that includes some of the world's leading multi-national corporations, major equipment principals and strategic partners, Technics is poised to scale greater heights.

OUR SERVICES

Flash Gas Compressor Package

Glycol Dehydration Unit



Test Separator

Topside for FPSO

Engineering, Procurement, Construction and Commissioning (EPCC)

Design, procure, fabricate, install and commission process modules and equipment for oil and gas exploration and production on a turnkey project basis. These modules and equipment will form the operating system of the production and storage facility for oil and gas.

Contract Engineering (CE)

For customers in the oil and gas industry who do not require fully integrated turnkey services as in an EPCC project, we are able to customize our services to procure materials and fabricate and install modules or equipment for them.

OUR SERVICES

Gas Compression Package

LP & HP Flare Scrubber Skid

Procurement and Other Services (PS)

We offer after sales services to our project customers and supply spare parts and equipment, such as specialized valves and measuring equipment (flow meters and gauges), for oil and gas exploration and production.

Marine

With our fully functioning fabrication yard, waterfront space, jetty, warehousing and office facilities at our Loyang yard in Singapore, the yard can also operate as a mid-scale offshore supply base (OSB) to service a wide range of customers. We offer one-stop vendor services (repair, maintenance, fabrication and other auxiliary services) for visiting vessels which minimize turnaround time and higher savings for our customers.

Gas Compression Rental / Operations & Maintenance Services

Leasing (or) renting of finished gas compressor packages can be an attractive option for customers. We are well placed to enter into long term service agreements and leasing contract to supply gas compressor packages meeting customer's specification requirements and certifications. Along with mob/de-mob services of equipment to site destination, operations & maintenance services and single-point responsibility can also be undertaken. After completion of agreed rental term, the compression equipment can be de-mobilized back to our yard for further application.

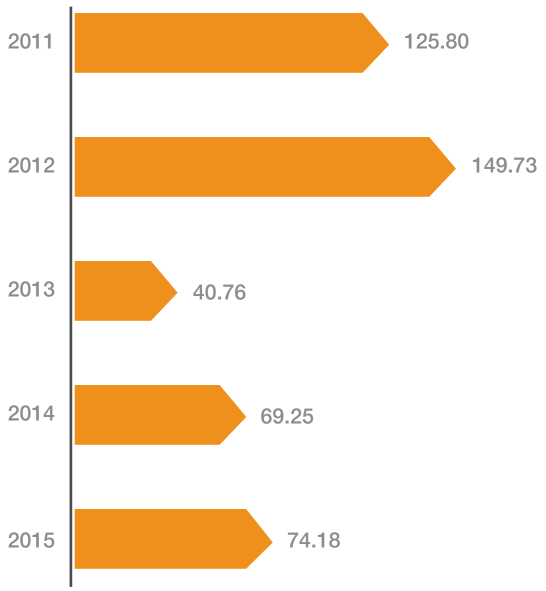
Equipment Leasing Service

We provide equipment leasing of cement silo tanks, saturation system, diving air spreads, well testing equipment, etc. meeting customer's specification requirements and certifications.

FINANCIAL HIGHLIGHTS

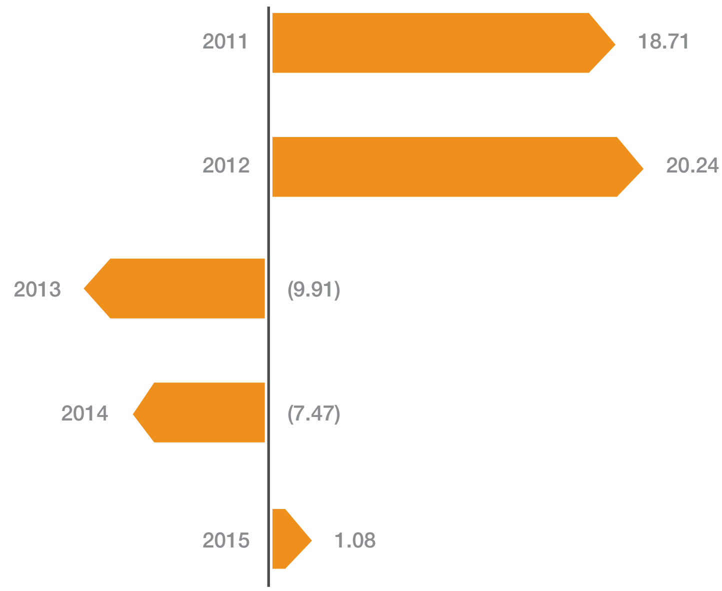
REVENUE

(S$ Million)
For the years ended 30 September

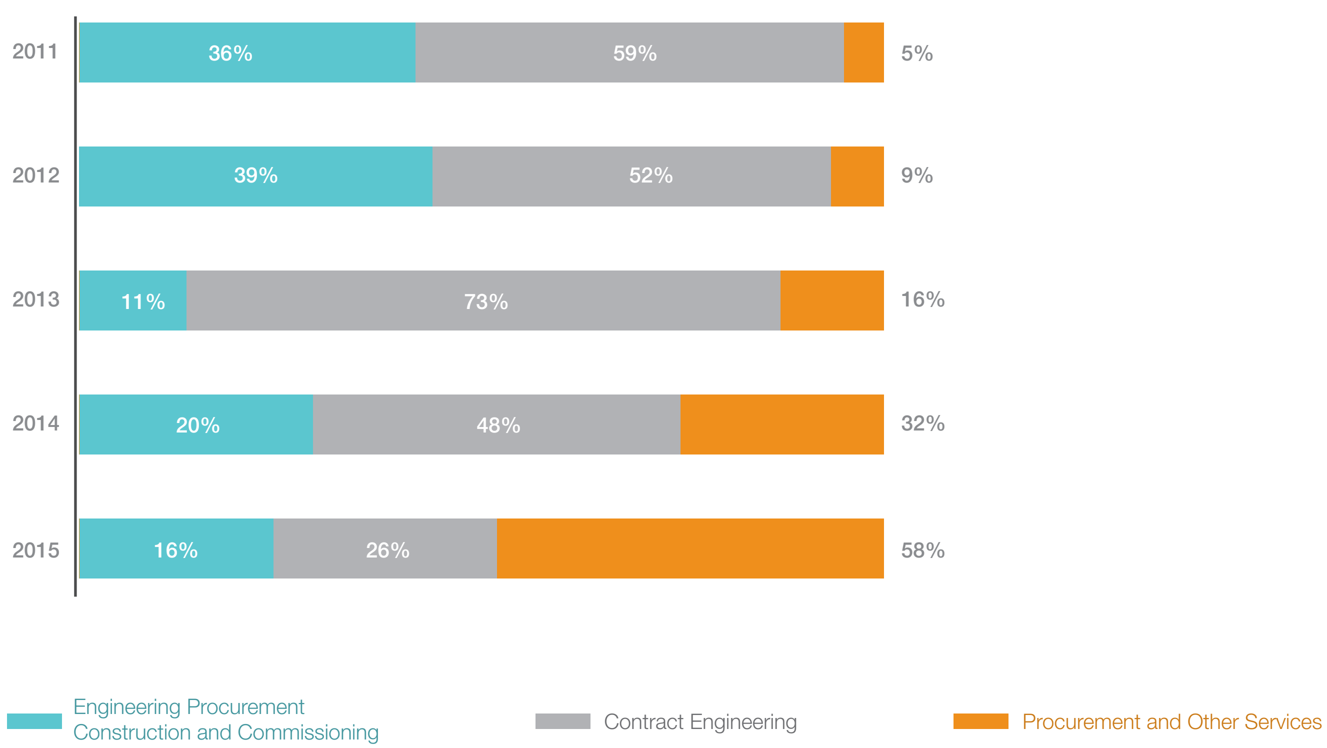


NET PROFIT (LOSS)

(S$ Million)
For the years ended 30 September



REVENUE BREAKDOWN BY BUSINESS SEGMENTS (%)



FINANCIAL HIGHLIGHTS

INCOME STATEMENT HIGHLIGHTS (S$ MILLION)

	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	125.8	149.7	40.8	69.2	74.2
Cost of Sales	(78.9)	(91.7)	(31.0)	(43.7)	(42.2)
Gross Profit	46.9	58.0	9.8	25.6	32.0
Net Profit/(Loss) after Tax before Non-Controlling Interests	18.7	23.2	(10.0)	(7.5)	1.1
Total Assets	141.9	138.2	134.6	212.0	177.2
Total Equity	49.2	55.1	55.9	72.5	68.0
Total Cash and Cash Equivalents	20.8	29.1	26.0	8.7	23.4

KEY FINANCIAL RATIOS

	FY2011	FY2012	FY2013	FY2014	FY2015
GP Margin	37.3	38.8	24.0	37.0	43.1
Profit (Loss) Margin	14.9	13.5	(24.3)	(10.8)	1.5
Basic EPS (SGD cents)	9.7	9.8	(4.5)	(3.4)	0.5
NAV (SGD cents) per share	25.2	26.5	25.7	30.9	28.7
Net Gearing Ratio	0.4	0.3	0.5	1.2	0.3
Return on Asset	11.8	16.8	(7.4)	(3.3)	0.6
Return on Equity	34.1	42.1	(17.9)	(10.3)	1.6

CHAIRMAN'S STATEMENT

"In FY2015 (1 Oct 2014 – 30 Sep 2015), Brent crude oil prices underwent a bumpy ride starting from a high of US$87 per barrel and reaching a low of US$42 per barrel, before it stabilized in a range of US$44-53 per barrel in recent months. We understand the length and severity of current challenges that the entire oil and gas industry is going through, and we will continue to derive and execute optimal strategies that will help the Group sail through the volatilities in the market.

We have streamlined our operations further by pursuing an asset-light strategy via disposing assets and underperforming subsidiaries. We have also enhanced the operations in the marine business so that we don't have over-reliance on the oil & gas side. We pounced on the opportunity to enter into the lucrative and rapidly-growing Liftboat segment. Our contract winning momentum has gathered pace, strengthening our order books and providing a healthy stream of revenue as we enter into a lower-demand, tighter-competition phase in the industry."

TING YEW SUE
Founder, Executive Chairman

Dear Shareholders,

As Technics Oil and Gas Limited ("TOG" or "the Group") reinvents its business model to operate in an environment of depressed crude oil prices, I am pleased to present to you our annual report for the financial year ended 30 September 2015. It has been a testing time for our Group as we engage in business strategies to negate tough industry conditions and reduced capital expenditure across most of upstream producers.

We diversified our business model to include marine services, and conducted a series of M&A activities. These strategies have to some extent shielded us against the weak industry climate. We are pleased to report that Group revenue increased by 7% year-on-year ("yoy") in FY2015 to $74.2 million, and gross profit increased by 25% yoy to $32.0 million. We achieved a net profit attributable to shareholders of $1.1 million, a remarkable improvement from the $7.5 million loss in FY2014.

We are delighted to announce that our leasing model has started to bear fruit and has been gaining traction. On top of that, we have ventured into the lucrative Liftboat segment to capitalize on the increasing demand for Liftboats in the ASEAN region.

CHAIRMAN'S STATEMENT

The acquisition of 70 Loyang Way allows us to maintain close proximity to our customers in the region and streamline our operations. Pursuing an asset-light strategy via the sale and leaseback of 72 Loyang Way has also strengthened our financial position as we repaid loans. We registered an investment gain following our disposal of the fabrication yard in Vietnam in view of the current impending slow progress ailing the global oil and gas industry. Our fabrication yards in Singapore and Batam are more than capable to meet existing and future demands in the region and to help the Group reduce its operating expenses significantly. Against all odds, we secured $94.1 million worth of contracts for the financial year ended 30 September 2015, and the current order book stands at $126.9 million as at 31 October 2015.

LEASING MODEL

We operate on a unique business model as we design, build and lease out equipment that is catered for the oil and gas production side. The leasing model creates a win-win solution for both our customer and the Group. In times of weak demand, the customer can adjust their production capacity without capital intensive equipment in standstill. The leasing model not only provides the Group with recurring revenue stream but also the flexibility to deploy assets throughout the region to meet the demand faster. Gas compressors are leased for a term of 1 year - 5 years, and leasing business generated $3.4 million revenue in FY2015, compared to $0.18 million in FY2014.

EMBARKING ON LIFTBOAT CONSTRUCTION

Liftboats are instrumental in performing maintenance works on platforms in the offshore & marine industry. Compared to the decreased utilization rate for the global rig fleet, the utilization of liftboats has been resilient. According to Credit Suisse[1], currently there are only 11 liftboats serving 1,700 offshore oil and gas platforms in the Asia Pacific region. While demand growth for liftboats is expected to turn less stronger in the challenging market environment and the supply of liftboats is expected to increase by at least 17 units by 2018, "Asia Pacific still remains under-penetrated compared to the US GoM and West Africa", and platform-to-liftboat ratio maintains at a healthy 61:1. In view of which, we refined our strategy and pursued growth in this segment to complement our existing business.

CHAIRMAN'S STATEMENT

In September 2015, we secured $70.5 million contract to construct a liftboat with an option for another similar unit. This contract represents our foray into the resilient liftboat segment and a major milestone for our Group.

DIVERSIFICATION INTO MARINE BUSINESS

In view of the depressed market for the oil and gas industry, we have sought to mitigate the risk of exposing to one sector. Leveraging on our resources and expertise, we introduced the plan to further diversify our business model and provide services to our existing and new customers who specifically require marine services. With the completion of the acquisition of Rigging & Marine Services Pte Ltd ("RMS") and Marinelift Testing & Supply Pte Ltd ("MTS"), and the completion of our water front development in the year, now we are able to provide berthing of vessel, load and unload oversize cargo, maintain/repair/replace of vessels, and provide mechanical work etc. The marine service business has added to our revenue stream, and we hope to grow it into a bigger business segment and stabilize our financial performance in a volatile market.

ENHANCEMENT OF FINANCIAL POSITION

At the end of financial year 2014, the Group had a negative working capital of approximately $26.9 million. The $97.0 million sale and leaseback of 72 Loyang Way to Soilbuild Business Space REIT enabled us to repay bank borrowings, reduce negative working capital and generate a net cash of $10.9 million swiftly. The net cash proceeds are being used for working capital and other general funding requirements of the Group. The sale and leaseback was completed on 27 May 2015. As at 30 September 2015, the Group's working capital has improved to $34.8 million.

OPTIMIZATION OF ASSET PORTFOLIO

Constant review of asset structure, and making justified acquisition and disposal, have become increasingly important for the Group to clean up non-performing assets, improve cost efficiency, and enhance business performance.

References:

- Growing Competition in Asia Pacific Liftboat Segment – Singapore Offshore & Marine Sector by Credit Suisse, 20 July 2015
- Oil Special Report Upward Bound – Commodities Research by Barclays, 14 October 2015

CHAIRMAN'S STATEMENT

In October 2015, we purchased 70 Loyang Way for a consideration of $3.7 million. This acquisition is in-line with our "near customer, near market" strategy and enables us to enhance cost efficiency and to serve our customers in the region better.

In July 2015, the Group completed the sale of Vina Offshore Engineering Co Ltd ("Vina") to Y.H.H Marine Engineering Pte Ltd and the Group has recognized a gain in investment of approximately $2.2 million from the sale. The sale will also allow the Group to consolidate our orders in the region between our two existing yards in Singapore and Batam and generate much cost savings and efficiency.

CONTRACT WIN MOMENTUM

Our Group secured new order wins of $94.1 million in total for FY2015, bringing up the Group's healthy order book to $126.9 million as at 31 October 2015. Project-based contracts are expected to be progressively delivered till FY2017, and leasing income will gradually come in till FY2021. Despite tighter competition resulting from declining demand from customers throughout the region, our Group was selected based on our excellent technical proposal, vast experience and proven track record in the related field.

OUTLOOK

Brent crude oil was at US$87 per barrel at the start of the financial year, before it continued the fall and touched a low of US$42 per barrel, and stabilized in a range of US$44-53 per barrel in the past few months. Barclays forecasts that Brent crude oil prices will recover to US$63 a barrel in 2016 and further recover to US$85 per barrel in 2020[2]. It also estimates capital expenditure of oil majors is expected to fall by 20% globally in 2015 and a further 5–10% in 2016. We understand the length and severity of current challenges that the entire oil and gas industry is going through, and we will continue to derive and execute optimal strategies that will help the Group sail through the volatilities in the market. These include maintaining close relationships with our existing customers, who are mainly oil and gas upstream producers and leading FPSO operators etc., secure more repeat orders, and leveraging on our expertise and reputation, continue expanding our customer network.

We believe that the Group would evolve into a cost efficient organization generating consistent revenue streams, providing vertical integrated services in the oil and gas value chain, and providing comprehensive marine services to customers. As we pursue growth in the fast growing segments, we strive for more contract gains across our various business segments and a better performance for FY2016.

APPRECIATION

I would like to thank our board of directors, management and staff for their hard work during this challenging period of the industry. Thank you, our customers, suppliers, business partners and associates for your relentless support throughout the year. I would also like to express my gratitude towards our shareholders for their unwavering support despite current market conditions. In return, we will constantly review and refine our business strategy, build up our fundamentals at all times, and consistently enhance shareholder value.

TING YEW SUE
Executive Chairman

OPERATIONS REVIEW

FINANCIAL REVIEW

The Group's revenue increased $4.9 million year-on-year ("yoy") to $74.2 million in FY2015, primarily supported by the inclusion of the full-year results of its new subsidiaries, Rigging and Marine Services Pte Ltd ("RMS"), Marinelift Testing & Supply Pte Ltd ("MTS"), Vigahs Marine Technologies Pte Ltd ("VMT") and Technorr Marine Pte Ltd ("TNM"). However, the lower revenue contribution from construction business, the deconsolidation of Vina Offshore Engineering Co., Ltd ("Vina") and the business closure of M2E Corp (Suzhou) Co., Ltd ("M2E") in May 2015 partly mitigated the contribution by new subsidiaries.

Group gross profit increased by 25% to $32.0 million in FY2015. Gross profit margin improved from 37% in FY2014 to 43% in FY2015, as RMS & MTS and VMT command a higher gross profit margin. The sale of Vina, sale and leaseback of property and foreign exchange gain contributed other gains of $2.2 million, $28.8 million and $3.9 million respectively.

Administrative expenses increased by 37% to $30.1 million in FY2015 compared to FY2014 primarily due to the addition of RMS & MTS expenses, depreciation expenses and the rental expenses arising from the sale and leaseback transaction. The increase in depreciation expenses was mainly due to assets owned by RMS & MTS.

The Group saw higher other losses in FY2015, primarily due to the vessel impairment of $11.4 million, and some write-off of receivables and inventories, as well as some amortization expenses arising from the acquisition of subsidiaries in 2014.

Finance costs increased by $2.8 million to $4.6 million in FY2015 mainly due to the financing of vessels secured by TNM since July 2014.

For FY2015, the Group posted a profit after tax of $1.1 million, compared to a net loss of $6.9 million in FY2014.

With less working capital needs, the Group registered positive cash from operations in FY2015. Cash and bank balances increased from $8.7 million at 30 September 2014 to $23.4 million at 30 September 2015 mainly attributable to the fixed deposits pledged to banks for banking facilities and proceeds received from sale of Vina.

As the Group repaid loans during FY2015, bank borrowings decreased substantially from $96.7 million at 30 September 2014 to $43.1 million at 30 September 2015, and gearing ratio (total debts / net tangible assets) improved from 1.2 as at 30 September 2014 to 0.3 as at 30 September 2015.

CONTRACT WINS

The Group secured a total of $94.1 million new orders for FY2015. As of 30 September 2015, the Group had an outstanding order book of $126.9 million. Project-based contracts are expected to be progressively delivered till FY2017, and leasing income will gradually come in till FY2021.

On 4 February 2015, Norr Offshore Group Limited's ("NOG"), an associate company of the Group, secured $7.2 million worth of GRE contracts through its subsidiary, Wecom Engineering Pte Ltd to supply, fabricate, test, install and commission SW and Ballast systems for a Singapore based customer.

On 5 February 2015, the Group was awarded $6 million worth of contracts to supply process and rotating equipment to Malaysia based customers.

On 20 April 2015, the Group's subsidiary, Technics Steel Pte Ltd ("TNST") was selected for an EPCI contract for fabrication of steel structure worth $5.1 million.

OPERATIONS REVIEW

On 21 May 2015, Technics Steel Pte Ltd ("TNST") was once again selected for an EPCI contract for the fabrication of steel structure worth $5.3 million.

On 15 September 2015, our Group secured a $70.5 million order to construct a Liftboat with an option for similar unit. This represents our biggest contract win in 2015 till date and our foray into Liftboat segment.

SALE AND LEASEBACK OF 72 LOYANG WAY

The Group entered into a Sale and Purchase Agreement ("SPA") with Soilbuild Business Space REIT in March 2015 for the Sale and Leaseback of the property at 72 Loyang Way (the "Property"), for a total consideration of $97,000,000.

The Sale and Leaseback has significantly improved the financial position of the Group, provided the Group with better ability to repay existing bank borrowings. The Group is able to lease back the Property and continue to operate at the same location without any disruption to the operations for the next 15 years after this Sale and Leaseback.

The Sale also resulted in net cash proceeds of $10.9 million. The net cash proceeds are being used for working capital and other general funding requirements of the Group.

PROPOSED ACQUISITION OF 70 LOYANG WAY

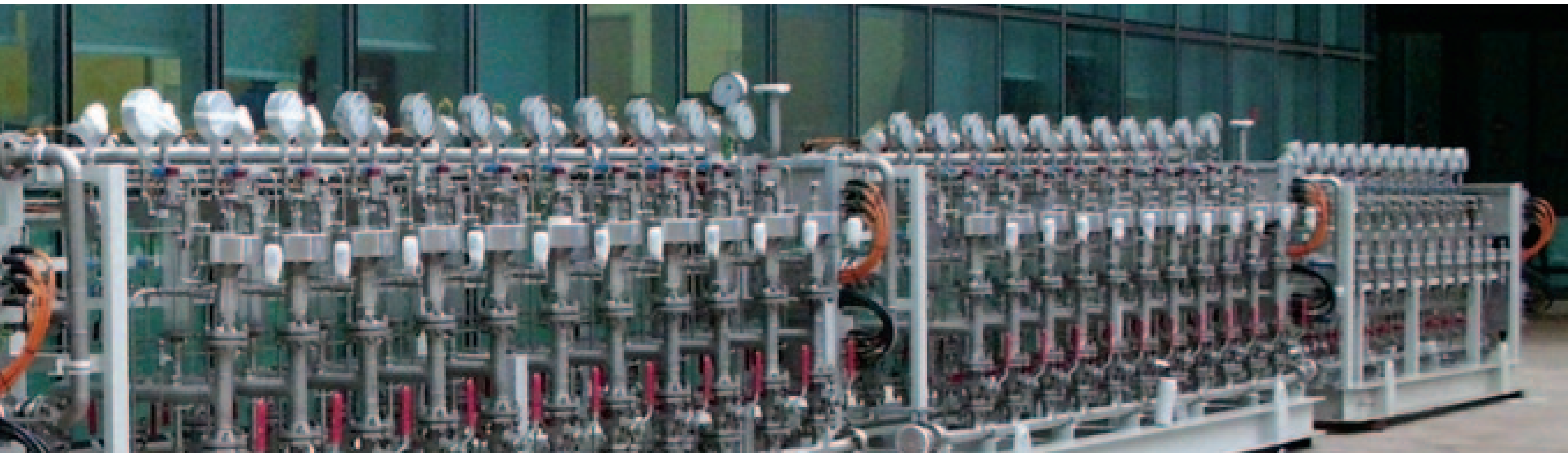
In April 2015, Group's subsidiary, TNST proposed to purchase 70 Loyang Way for a consideration of $3.7 million. The acquisition was funded by internal funds and bank borrowings, and has been completed in October 2015.

DISPOSAL OF VINA OFFSHORE ENGINEERING

Vina is a company incorporated in Vietnam that was acquired by our Group's subsidiary Technics Offshore Engineering Pte Ltd ("TOE") in August 2012. Vina is in the business of supplying process and manufacture equipment for the petroleum industry, marine engineering services, maintenance and repair work in sea, building of habours etc. It was initially acquired by the Group to explore opportunities in wellhead satellite platforms a major oil and gas player was planning. However the slow progress of this business opportunity coupled with declining orders from Vina's customers has convinced the Group to relinquish this asset. In July 2015, the Group completed the sale of Vina to Y.H.H Marine Engineering Pte Ltd for $12 million inclusive of a $1 million loan assignment to Vina. The Group recognized a gain in investment of approximately $2.2 million from the sale of Vina.

MARINE SERVICES, RMS AND MTS

In August 2014, the Group completed the acquisition of RMS and MTS for a total purchase consideration of $13.7 million, with a 70% stake in each company now. MTS and RMS are highly synergistic to the Group's business; through providing repair services to ships, tankers and other ocean-going vessels, civil engineering and construction works, marine related services contributed approximately 17.8% of the Group's revenue in FY2015.



BOARD OF DIRECTORS

TING YEW SUE TING TIONG CHING TAY MIAN CHEO

TING YEW SUE

Founder, Executive Chairman

Yew Sue is actively involved in the key strategic initiatives of the company and the group. Between 1990 and 1995, he is the pioneer entrepreneur to set up and develop the market in Vietnam. He has more than 38 years of experience in design, engineering and production of process modules and integrated system for the oil and gas industry. Prior to the founding of TOE in 1990, he was the Operations Manager in charge of the day-to-day management and operations of Hup Seng Offshore Engineering Pte Ltd, an engineering company servicing the oil and gas industry from 1968 to 1990. He was re-elected as Executive Director of our company on 30 January 2015.

TING TIONG CHING

Group Managing Director

Tiong Ching joined the Group in 1998 as a Sales Engineer before being disrupted to further his studies in the United Kingdom. Armed with a Bachelor degree in mechanical and electrical engineering, he returned to the group in 2002. Following his appointment as group managing director on 28 January 2014, he is responsible for the general management and overall daily operational responsibility of our group. He was re-elected as Executive Director of our company on 10 January 2013.

TAY MIAN CHEO

Co-founder and Executive Director

Mian Cheo spearheads the group's business development, sales and marketing initiatives to expand into new business segments and geographical markets in the Middle East, Asia-Pacific, India and Africa. He also leads the forging of partnerships and alliances – he was instrumental in the fostering of the group's two recent agreements with Dubai-based Global Process Systems as well as our Joint Operations in Indonesia. He has more than ten years' experience in business development and sales in the oil and gas industry, of which six years were spent in Vietnam. Prior to joining Technics, he was the sales and marketing manager of a precision engineering company, Ritz Precision Engineering Pte Ltd. He was re-elected as Executive Director of our company on 30 January 2015.

BOARD OF DIRECTORS

TAN KIA TECK THOMAS

ONG SIEW PENG

TAN KIA TECK THOMAS

Executive Director

Thomas is responsible for managing & developing existing business as well as identifying and securing new business opportunities of the group. Prior to joining the group in 1993 during his University vacation as Assistant Design Engineer, he served 6 years as an Infantry Army Officer in the Singapore Armed Forces. He returned to the group in 1994 as Proposal Engineer after achieving his Honor Degree in Mechanical Engineering at University of Glasgow, United Kingdom. He has more than 19 years of experience in cost estimation, sales & marketing as well as project management in the oil and gas industry, he is also one of our longer serving staff in the group. He was appointed as Executive Director of our company on 28 January 2014.

ONG SIEW PENG

Lead Independent Director

Siew Peng is the Audit Committee Chairman. He is an Executive Director and Corporate Mediator and Advisor with Corporate Brokers International Pte Ltd, a strategic investment search company focusing on small and medium enterprise. He was appointed as an Independent Director of Norr Offshore Group Limited in 2012. He was re-elected as Independent Director of our company on 23 January 2014.

BOARD OF DIRECTORS

DR LIEW JAT YUEN RICHARD   TAN LIAM BENG

DR LIEW JAT YUEN RICHARD

Independent Director

Richard is currently a professor in the Department of Civil and Environmental Engineering at the National University of Singapore. He is also an Independent Director of Yongnam Holdings. He is a registered professional Engineer in Singapore, an ASEAN chartered professional engineer and a Chartered Engineer in U.K. He has extensive research and practical experience in building and offshore industries and has consulted on numerous construction and offshore engineering projects in Singapore and the region. An international renowned expert in steel and composite structures and fire safety engineering, he provides specialist advices to the design and construction of high-rise and large span steel structural systems and has been involved in many national and international committees on design standards, product specifications and constructional practices and safety and made significant contributions to numerous guidelines for practice. He was re-elected as Independent Director of our company on 23 January 2014.

TAN LIAM BENG

Independent Director

Liam Beng is a qualified engineer as well as an advocate and solicitor. He worked as a civil engineer since graduating with a civil engineering degree in 1982, with experience in design as well as construction prior to practicing law. He worked in the consultancy companies of Syed Muhamad Hooi & Binnie Sdn Bhd and Kumarasivam Tan & Ariffin Sdn Bhd in Malaysia and in the construction company of Ho Hup Construction Co Sdn Bhd. He practiced as a lawyer in Malaysia from 1991 to 1994. Liam Beng joined Drew & Napier, one of the largest and leading law firms in Singapore, as an advocate and solicitor in 1994, became a Partner in 1996, and then a Director on 1 May 2001 when Drew & Napier LLC corporatised. He headed the Building and Construction Business Group in Drew & Napier until he left on 1 November 2013. Liam Beng is currently the Managing Director of the law company Elbee Law LLC. He was re-elected as Independent Director of our company on 23 January 2014.

MANAGEMENT TEAM

LEE SER YU

Group Financial Controller

Ser Yu is responsible for the overall aspects of financial & strategic planning, budgeting and corporate matters of the group. Prior to joining the group in June 2015, she served for 15 years in listed companies and auditing firms. She is a fellow member of the Association of Chartered Certified Accountants and a Chartered Accountant of Singapore. She graduated with a professional degree and holds an Executive Master of Science degree in Finance from City University of New York.

MURUGAIAN MOHAN RAJKUMAR

Regional Manager

As the Regional Manager of Technics Offshore Engineering Pte Ltd (Compression Division), Mohan is responsible for the performance of the Compression Division. He has been with the group since August 2005 and has more than 21 years of experience in handling rotating and allied equipment in the oil and gas industry. Prior to joining Technics, he has worked in multi-national Companies Larsen & Toubro Limited, India and Chiyoda Corporation, Japan on various oil & gas, petrochemical and refinery projects.

LEE GEE KEAN

Regional Sales and Proposal Manager

As the Regional Sales and Proposal Manager of Technics Offshore Engineering Pte Ltd (Process Division), Gee Kean is responsible for the proposal/tender, business development and regional sales activities. This includes organizing, managing and leading the company's sales function, achieving revenue objectives and cost-of-sales objectives. He has more than 11 years experience in sales and business development in the oil & gas industry. He graduated with a Bachelor Degree in Mechanical Engineering and holds a Master of Science degree from the Nanyang Technological University, Singapore.

SIOW KANG WOO

General Manager

Joined and appointed as PT Technics Offshore Jaya's GM effective July 2014 and prior to that, hold various key positions in Marine, ship repair and shipbuilding and oil & gas industries. With more than 26 years of extensive well rounded experience and a strong network around the region.

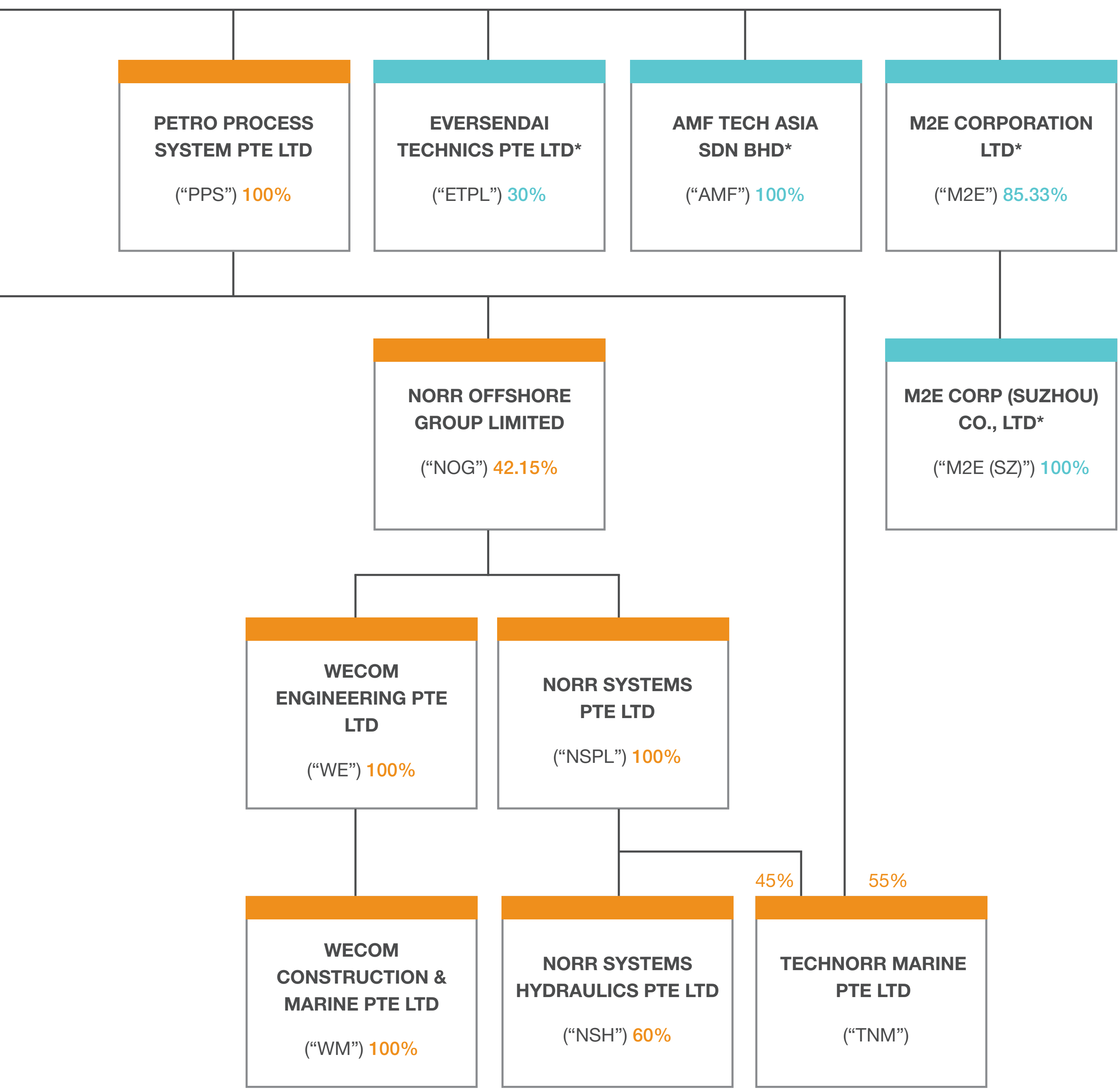
CORPORATE STRUCTURE

- **TECHNICS OIL & GAS LIMITED** ("TOG")
  - **RIGGING & MARINE SERVICES PTE LTD** ("RMS") 70%
  - **MARINELIFT TESTING & SUPPLY PTE LTD** ("MTS") 70%
  - **TECHNICS OFFSHORE ENGINEERING PTE LTD** ("TOE") 100%
    - **TECHNICS STEEL PTE LTD** ("TNST") 51%
    - **V OFFSHORE ENGINEERING PTE LTD** ("VOE") 100%
      - **CENTRAL TESTING CENTRE PTE LTD***1 ("CTC") 100%
      - **VIGAHS MARINE TECHNOLOGIES PTE LTD** ("VMT") 74%
    - **PT. TECHNICS OFFSHORE JAYA** ("PT. TOJ") 99% (1% held via a line continuing off the page)
  - **TECHNICS SYSTEMS SOLUTIONS PTE LTD** ("TSS") 51%

* Dormant Companies

*1 Applied for strike off on 3 December 2015.

CORPORATE STRUCTURE



CORPORATE INFORMATION

Board of Directors

Ting Yew Sue
Executive Chairman

Ting Tiong Ching
Group Managing Director

Tay Mian Cheo
Executive Director

Tan Kia Teck Thomas
Executive Director

Ong Siew Peng
Lead Independent Director

Dr Liew Jat Yuen Richard
Independent Director

Tan Liam Beng
Independent Director

Audit Committee

Ong Siew Peng *(Chairman)*
Dr Liew Jat Yuen Richard
Tan Liam Beng

Nominating Committee

Tan Liam Beng *(Chairman)*
Ong Siew Peng
Dr Liew Jat Yuen Richard

Remuneration Committee

Dr Liew Jat Yuen Richard *(Chairman)*
Ong Siew Peng
Tan Liam Beng

Company Secretary

Seah Kim Swee, FCIS

Registered Office

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095
Tel: (65) 6533 7600
Fax: (65) 6538 7600

Share Registrar & Share Transfer Office
Warrant Agent & Warrant Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Auditors

RSM Chio Lim LLP
Public Accountants and Chartered Accountants
Singapore
8 Wilkie Road
#04-08 Wilkie Edge
Singapore 228095

Partner-in-charge: Teo Cheow Tong

Principal Banker

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

FINANCIAL CONTENTS

20 Corporate Governance Report

31 Statement By Directors

34 Independent Auditor's Report

36 Consolidated Statement of Profit or Loss and Other Comprehensive Income

37 Statements of Financial Position

38 Statements of Changes in Equity

39 Consolidated Statement of Cash Flows

41 Notes to the Financial Statements

103 Shareholdings Statistics

106 Addendum

121 Notice of Annual General Meeting

Proxy Form

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Technics Oil & Gas Limited is committed to achieving high standards of corporate governance to ensure investor confidence in the Company as a trusted business enterprise. The Board and management will continue to uphold good corporate governance practices to enhance long-term value and returns for shareholders and protect shareholders' interests.

This report describes the company's corporate governance practices with reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). The company has complied substantially with the requirements of the Code and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where applicable.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board provides leadership to the company and its subsidiaries ("the Group") by setting the corporate policies and strategic aims. The main functions of the Board, apart from its statutory responsibilities, are to:

- Review financial performance of the group
- Approve major investment and funding decisions;
- Oversee the process for evaluating the adequacy of internal controls, risk assessment, financial reporting and compliance;
- Evaluate the performance and determine the compensation of key management personnel; and
- Assume the responsibility for overall corporate governance of the group.

The Board meets at least four times a year to review and approve, *inter alia*, the quarterly financial results of the company, including the year-end results. Apart from Board meetings, important matters are also put to the Board for approval by way of circulating resolutions in writing.

The Board has established three Committees to assist it in discharging its responsibilities. These Committees operate under clearly defined terms of reference. The three Committees are:

- Audit Committee (the "AC")
- Nominating Committee (the "NC")
- Remuneration Committee (the "RC")

The attendance of the Directors at meetings of the Board and Board Committees during the financial year ended 30 September 2015 (the "FY2015") is as follows:

CORPORATE GOVERNANCE REPORT

Attendance at Meetings

		Board Committees		
	Board	Audit	Nominating	Remuneration
No. of meetings held	4	4	1	1
Board Members	No. of Meetings Attended			
Ting Yew Sue	4*	4	1	1
Tay Mian Cheo	4	4	1	1
Ting Tiong Ching	3	3	–	–
Tan Kia Teck, Thomas	2	2	–	–
Ong Siew Peng	4	4*	1	1
Dr Liew Jat Yuen Richard	4	4	1	1*
Tan Liam Beng	4	4	1*	1

* Chairman

Certain matters specifically reserved for decision by the Board are those related to approval of announcements of financial results, approval of annual reports and financial statements, convening of shareholders' meeting, dividend payment, major contracts, material acquisitions and disposal of assets and corporate restructuring matters.

New directors, when appointed, will be briefed on the group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. Familiarization visits, including overseas offices, are organized, if necessary, to facilitate a better understanding of the group's operations.

Board members are encouraged to attend seminars and received training to improve themselves in the discharge of their duties as directors. The company works closely with professionals to provide its directors with changes to relevant laws, regulations and accounting standards.

Principle 2: Board Composition and Balance

The Board comprises four Executive Directors and three Independent Directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of Independent Directors. Each director has been appointed on the strength of his calibre, expertise and experience.

The Board and management recognise the advantage of open and constructive debate. To facilitate this, Board members are supplied with relevant, complete and accurate information on a timely basis. The Independent Directors may challenge management's assumptions and also extend guidance to the Management, in the best interest of the company.

The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an independent director. The NC is of the view that the current Board has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from the Management. The NC is also of the view that no individual or a small group of individuals dominates the Board's decision making process.

Mr Ong Siew Peng has served on the Board for more than nine years from the date of his first appointment. The Board has reviewed and considered Mr Ong to be independent notwithstanding that he has served on the Board beyond nine years after taking into account of his active participation at Board meetings, objective and constructive challenge of the management in terms of business and strategy proposals, and critical review of management's performance. Mr Ong Siew Peng has also demonstrated strong independence character and judgement over the years in discharging his duties as Independent Director in the best interest of the Group.

The Board is of the opinion that its current board size of seven Directors is appropriate, taking into account, the nature and scope of the company's operations. The Board's composition reflects the broad range of experience, skills and knowledge necessary for the effective stewardship of the group.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Group Managing Director

Mr Ting Yew Sue is the Executive Chairman. He bears responsibility for the working of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. He is also responsible for overall strategic planning and direction of the group. Together with the other Executive Directors, Mr. Ting Yew Sue also provides overall leadership and strategic vision for the group.

Mr Ting Tiong Ching was appointed as the Group Managing Director on 28 January 2014 to replace Mr Ting Yew Sue who stepped down as Group Managing Director on the same day. As Group Managing Director, Mr Ting Tiong Ching bears the general management and overall daily operational responsibility for the group's business.

Mr Ting Yew Sue and Mr Ting Tiong Ching are father and son relationship. In spite of this, the Board is of the view that, given the scope and nature of the operations of the Group, there is a strong element of independence on the Board.

In addition, the Board has appointed Mr Ong Siew Peng, an Independent Director, as the Lead Independent Director in accordance to the Code. Mr Ong Siew Peng will be available to address shareholders' concerns when contact through the normal channels of the Chairman and Group Managing Director, or the Executive Directors or the Group Financial Controller has failed to provide a satisfactory resolution or when contact is inappropriate.

Where necessary, the Lead Independent Director may meet with other Independent Directors without the presence of management or Executive Directors, to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

NOMINATING COMMITTEE

Principle 4: Board Membership

As at the date of this report, the NC comprises three Directors, all of whom including the Chairman are independent.

Chairman:	Mr Tan Liam Beng	(Independent Director)
Members:	Ong Siew Peng	(Lead Independent Director)
	Dr Liew Jat Yuen Richard	(Independent Director)

The main role of the NC is to make the process of Board appointments and re-appointments transparent and to assess the effectiveness of the Board as a whole and the contribution of individual Director to the effectiveness of the Board.

When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with a particular skill, the NC, in consultation with the Board, determines the selection criteria and selects the candidates with the appropriate expertise and experience for the position.

The key terms of reference of the NC are as follows:-

(a) Make recommendation to the Board on the appointment and re-appointment of the directors having regard to each director's competencies, commitment, contribution and performance.

(b) Decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has to enhance long-term shareholders' value.

(c) Assess the effectiveness of the Board as a whole and its Board Committees and to assess the contribution by the Chairman and each individual director to the effectiveness of the Board.

(d) Decide whether the director is able to and has been adequately carrying out his duties as director of the company.

(e) Make recommendations to the Board on training and professional development programme for the Board.

CORPORATE GOVERNANCE REPORT

(f) Determining annually whether or not a director is independent.

(g) Ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years.

The Articles of Association of the company require one-third of the Directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting. In addition, all Directors of the company shall retire from office at least once every three years.

Information on shareholdings in the company held by each Director is set out in the "Directors' Report" section of the Annual Report.

Key information regarding the Directors is set out on pages 12 to 14 of the Annual Report.

In respect of FY2015, the NC was of the view that each Director had discharged his duties adequately and that each Director's directorship was in line with the group's guidelines of not more than 4 listed company board representations.

Principle 5: Board Performance

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Director. The appraisal process focuses on a set of performance criteria which includes qualitative and quantitative factors such as principal functions, fiduciary duties, attendance record, level of participation at meetings, and guidance provided to the management.

The NC is of the opinion that the Board and each member of the Board has been effective due to the active participation of every Board member during each meeting.

Principle 6: Access to Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon to enable them to arrive at an informed decision. The Directors have unrestricted access to the Company's senior management at all times.

The Company Secretary attends Board meetings and is responsible for ensuring that the Board meeting procedures are followed and that applicable rules, acts and regulations are complied with.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Each Director, whether individually or as a group, has the right to seek independent professional advice as and when necessary, in furtherance of their duties. The cost of such professional advice will be borne by the company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises three Directors, all of whom including the Chairman are independent.

Chairman:	Dr Liew Jat Yuen Richard	(Independent Director)
Members:	Ong Siew Peng	(Lead Independent Director)
	Tan Liam Beng	(Independent Director)

To minimize the risk of any potential conflict of interest, each member of the RC shall abstain from voting on any resolution in respect of his remuneration package.

CORPORATE GOVERNANCE REPORT

The company may also engage an external consultant to advise on all remuneration and related matters of Directors and senior management, as and when circumstances require to ensure that the Directors' remuneration is fair and reasonable and benchmarked against comparable companies.

The Executive Directors' remuneration packages are based on service agreement. These included a profit sharing scheme that is performance related to align their interests with those of the shareholders. Independent Directors are paid yearly Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the Annual General Meeting.

The key terms of reference of the RC are as follows:

(a) Review and recommend to the Board a general framework of remuneration for the Executive Directors and key management personnel:

(b) Review and recommend to the Board the specific remuneration packages for each Executive Director;

(c) Determine targets for any performance-related pay schemes operated by the Company;

(d) Review and recommend to the Board the terms of renewal of the service agreements of Executive Directors;

(e) Administer the Technics Performance Share Plan and any other share option scheme established from time to time for the Directors and the key management personnel; and

(f) Consider the disclosure requirements for directors' and key management personnel's remuneration as required by the SGX-ST and according to the Code.

The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Director. No individual Director is involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

The remuneration package of the Executive Directors and key management personnel generally comprises two components. One component is fixed in the form of a base salary, car allowance and handphone allowance. The other component is variable consisting of incentive bonuses. The incentive bonuses are dependent on the financial performance of the company as the RC strongly supports and endorses a flexible wage system as it gives the company more flexibility to ride through economic downturns. The RC has adopted set profitability levels to be achieved before incentive bonuses are payable. As the Executive Directors are not entitled to any incentive bonuses based on the audited financial statements for FY2015, the RC will consider the use of contractual provisions to allow the company to reclaim incentive bonuses from Executive Directors under legitimate circumstances in the next financial year.

The Independent Directors are paid Directors' fees for their efforts and time spent, responsibilities and contributions to the Board, subject to the approval by shareholders at the Annual General Meeting.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

The level and mix of remuneration (in percentage terms) for the Directors for FY2015 are as follows:

Remuneration Band & Name of Director	Base/Fixed Salary	Directors' Fees	Variable or Performance Related Income/Bonus	Total
$250,000 to $500,000				
Ting Yew Sue	100%	–	–	100%
Tay Mian Cheo	100%	–	–	100%
Ting Tiong Ching	100%	–	–	100%
Tan Kia Teck, Thomas	100%	–	–	100%
Below $250,000				
Ong Siew Peng	–	100%	–	100%
Dr Liew Jat Yuen Richard	–	100%	–	100%
Tan Liam Beng	–	100%	–	100%

No option has been granted to the above Directors.

The breakdown of remuneration of key management personnel (who is not a Director) in percentage terms for FY2015 are as follows:

Remuneration Band & Name of Key Management Personnel	Base/Fixed Salary	Directors' Fees	Variable or Performance Related Income/Bonus	Total
$250,000 to $500,000				
Tang Chee Keong*	100%	–	–	100%
Below $250,000				
Lam May Yih**	91%	–	9%	100%
Murugaian Mohan Rajkumar	92%	–	8%	100%
Lee Gee Kean	95%	–	5%	100%
Siow Kang Woo	100%	–	–	100%
Lee Ser Yu***	100%	–	–	100%

* Tang Chee Keong resigned on 31 August 2015.
** Lam May Yih resigned on 10 June 2015.
*** Lee Ser Yu joined on 5 June 2015.

No option has been granted to the above key management personnel.

CORPORATE GOVERNANCE REPORT

Based on the bands established above, the remuneration of each key management personnel who is not a Director is below $100,000.

Remuneration Band & Name of immediate family members of Executive Directors	Base/Fixed Salary	Directors' Fees	Variable or Performance Related Income/Bonus	Total
$50,000 to $100,000				
Kelvin Ting Tiong Chau	93%	–	7%	100%
Tan Chwee Peng	92%	–	8%	100%

Mr Kelvin Ting Tiong Chau is the son of Mr Ting Yew Sue, the Executive Chairman and brother of Mr Ting Tiong Ching, the Group Managing Director.

Mdm Tan Chwee Peng is the spouse of Mr Tan Kia Teck Thomas, the Executive Director of the Company.

The company believes that it may in the Group's interest to disclose the remuneration of its Directors and key management personnel in salary bands instead of in dollar terms, given the sensitivity of remuneration matters and the competitiveness of the industry for key talent.

Save as aforesaid, there is no employee in the group, being an immediate family member of a Director, whose remuneration exceeded $50,000 during the financial year ended 30 September 2015.

The Circular to shareholders in relation to the proposed Technics Performance Share Plan ("the Share Plan") had been approved by the shareholders during the Extraordinary General Meeting held on 17 November 2008. The members of the Committee administering the Share Plan are the Remuneration Committee members as stated above.

As the Share Plan is designed as a compensation plan to motivate group executives, all employees who are Controlling Shareholders or their Associates will not be eligible to participate in the Share Plan. In addition, both Executive Directors and Non-Executive Directors (including Independent Directors) are also not eligible to participate in the Share Plan. Employees of associated company will not be eligible to participate in the Share Plan.

During the financial year ended 30 September 2015, no awards have been granted to eligible participants under the Technics Performance Share Plan.

The Executive Directors' remuneration packages are based on their respective service agreements. These included a profit sharing scheme that is performance related to align their interests with those of the shareholders.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis within the timeline as stipulated in the Listing Manual of the SGX-ST.

In line with SGX-ST Listing Manual, negative assurance statements were issued by the Board to accompany its quarterly financial results announcements, confirming to the best of its knowledge that, nothing had come to the attention which would render the company's quarterly results to be false or misleading. The company is not required to issue negative assurance statements for its full year results announcement.

Management provides the Board with information on the group's performance, position and prospects on a quarterly basis to ensure that they effectively discharge their duties. This is supplemented by updates on matters affecting the financial performance and business of the Group if such event occurs.

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee
Principle 13: Internal Audit

The AC comprises three Directors, all of whom including the Chairman are independent.

Chairman:	Ong Siew Peng	(Lead Independent Director)
Members:	Dr Liew Jat Yuen Richard	(Independent Director)
	Tan Liam Beng	(Independent Director)

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly.

The key terms of reference of the AC are as follows:

a) Review with the external auditors on the audit plan, their evaluation of the company's internal accounting controls that are relevant to their statutory audit and their audit report.

b) Review with the internal auditors on the internal audit plan, their evaluation on the adequacy and effectiveness of the company's internal controls and accounting system before submission of the results of such review to the Board.

c) Report to the Board on the adequacy and effectiveness of the Board's internal controls, including financial, operational, compliance and information technology controls and risk management policies.

d) Review the financial statements and the independent auditors' report on those financial statements before submission to the Board for approval.

e) Ensure co-ordination between both external and internal auditors with Management, reviewing the assistance rendered by Management to the auditors, and discuss problems and concerns, if any, that arise from the audits, and any matters which the auditors wish to discuss.

f) Review and discuss with external and internal auditors, if any, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results or financial position, and Management's response.

g) Make recommendations to the Board on proposals to shareholders on the appointment, re-appointment, resignation and removal of the external auditors.

h) Review interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual on a quarterly basis.

i) Review any potential conflict of interest

j) Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The AC has direct access to and full co-operation of the company's management. It has full discretion to invite any Director or executive officer to attend its meetings and is given reasonable resources to enable it to discharge its functions.

During the financial year, the AC met four times to review the announcements of its quarter and full-year results before being approved by the Board for release to SGXNET.

The AC also met with the external auditors without the presence of the Company's management at least once a year.

CORPORATE GOVERNANCE REPORT

The AC has reviewed the non-audit services provided by the external auditors to the company and its subsidiaries and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Details of the aggregate amount of audit and non-audit services paid or payable to the external auditors during the financial year ended 30 September 2015 are disclosed in Note 32 set out on Page 94 of the Annual Report. The AC has recommended the appointment of Ernst & Young LLP as external auditors of the company for the financial year ending 30 September 2016 at the forthcoming Annual General Meeting.

The company is in compliance with Rules 712 and 716 of the Listing Manual of the SGX-ST in relation to its external auditors.

The company has put in place a whistle-blowing framework, endorsed by the AC where the employees of the group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. Details of the whistle-blowing policy and arrangements have been made available to all employees.

The Board is responsible for ascertaining that management maintains a sound system of internal controls to safeguard the shareholders' investments and the group's assets. The Board believes that the system of internal controls that has been maintained by management throughout the financial year is adequate to meet the needs of the group in its current business environment. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement of loss.

During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the group's material internal controls. The processes used by the AC to review the effectiveness of the system of internal control and risk management include:

- Discussions with management on risks identified by management;
- The audit process;
- The review of external audit plans; and
- The review of significant issues arising from external audits.

The company does not have a Risk Management Committee. However, management regularly reviews the company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights significant matters to the Directors and AC.

Since FY2006, the company has outsourced the internal audit function to a suitably qualified independent accounting firm. The internal auditor reports directly to the AC, which assists the Board in monitoring and managing internal control and risks of the group. The AC will approve the internal audit plan and ensure adequacy of resources for the internal auditors to perform its tasks.

In FY2015, the company faced issues associated with the negative working capital. This was followed by the disposal of subsidiary Vina Offshore Engineering Co., Ltd, disposal of property at 72 Loyang Way and business cessation by M2E Corp (Suzhou) Co., Ltd. In the light of asset divestments, the Board decided to defer the conduct of an internal audit in FY2015 pending a review of the internal audit plan in line with the new business model of the company.

Based on the reports submitted by the external auditors, the actions taken by the group on the recommendations made by the external auditors, the various management controls put in place and the continuing efforts at enhancing such controls, the Board, with the concurrence of the AC, is of the opinion that the group's internal controls systems addressing financial, operational, compliance and information technology risks were adequate in meeting the needs of the group in its current business environment as at 30 September 2015.

The Board and the AC have also received assurance from the Chairman, Group Managing Director and Group Financial Controller that the group's internal control systems in place is adequate and effective in addressing the material risks of the group in its current business environment including financial, operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the group's business operations and finances.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board believes in timely communication of information to shareholders and public. It is the company's policy that all shareholders and the public should be equally and timely informed of all major developments that impact the company. Communication is made through:

- Annual reports that are issued to all shareholders, softcopies of which may be accessed through the SGX-ST website;
- Announcement of quarter, half-year and full-year results on the Singapore Exchange Securities Trading Limited's SGXNET;
- Disclosure on the SGXNET;
- Press releases on major developments of the company; and
- Company's website at www.technicsgrp.com from which shareholders can access information on the company.

The Board supports the Code's principle to encourage shareholder participation. The Articles allow a shareholder to appoint one or two proxies to attend and vote instead of the shareholder.

The Board takes note that there should be separate resolution at general meetings on each substantially separate issue and supports the Code's principle as regards to "bundling" of resolutions.

Resolutions are as far as possible, structured separately and are voted on independently.

All Directors including Chairpersons of the Board, AC, RC and NC and senior management are in attendance at the Annual General Meetings ("AGMs") and Extraordinary General Meetings to allow shareholders the opportunity to air their views and ask Directors or management questions regarding the company. The external auditors are also invited to attend the AGMs and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit, the preparation and contents of the auditors' report.

As the company's dividend policy seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure, the Board will not be declaring any dividend in respect of FY2015 due to prudency reasons.

The company will be required to conduct its voting at general meetings by poll effective from 1 August 2015 where shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted.

In view of the above, the company will be reviewing its Articles of Association in preparation of the adoption of poll voting and to align the relevant provisions with the requirements of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The company has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved, and are conducted at an arm's length basis.

The company does not have a general mandate from shareholders for IPTs.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

The Company has issued a policy on dealings in the securities of the company to its Directors and key company's officers (including employees with access to price-sensitive information to the company's shares), setting out the implications of insider trading and guidance on such dealings. The policy prohibits the Directors and company's officers from dealing in the company's securities on short-term considerations.

The company's officers are not allowed to deal in the company's shares during the period commencing two weeks before the announcement of the company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the company's full-year results and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

There were no other material contracts entered into by the company or any of its subsidiaries which involve the interests of any Director and/or controlling shareholder in FY2015.

RISK MANAGEMENT

The company regularly reviews and improves its business and operational activities to take into account the risk management perspective. The company seeks to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The company reviews all significant control policies and procedures and highlights all significant matters to the AC.

LAND AND BUILDINGS

Information listed below is for operation purposes:-

Location	Description	Approximate Land Areas (in sqm)	Tenure
72 Loyang Way Singapore 508762	3-storey office building, 4-storey new office building, factory space, 2 covered workshops, blasting & painting chamber, jetty capacity of 1,000 tons and dormitory capacity of 160 pax.	27,110	Leasehold 15 years from 27 May 2015 till 26 May 2030
70 Loyang Way Singapore 508760	2-storey detached factory	4,003	Leasehold 24 years from 15 October 2015 till 20 March 2038
Sekupang Logistics Base Block G No. 1 Jl. R.E. Martadinata Sekupang Batam 29422 Indonesia	Single-storey office building with adjoining factory space, 2 covered workshops and jetty capacity of 1,000 tons	22,500	Leasehold 10 years from 12 July 2006, ending on 11 June 2016 with the option to extend for another 10 years
52 Tuas Crescent Singapore 638731	Ready-built factory with mezzanine floor office	1,309	Leasehold 2 years from 1 August 2013
No. 2, Senoko Crescent Singapore 758259	Warehouse	2,600	Leasehold 2 years from 17 February 2014

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 September 2015.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. Directors in office at date of report

The directors of the company in office at the date of this statement are:

Executive Directors:
Ting Yew Sue
Tay Mian Cheo
Ting Tiong Ching
Tan Kia Teck Thomas

Non-Executive Independent Directors:
Ong Siew Peng
Dr Liew Jat Yuen Richard
Tan Liam Beng

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act"), except as follows:

	Direct interest		
Name of directors and companies in which interests are held	**At beginning of the reporting year or date of appointment if later**	**At end of the reporting year**	**At 21 October 2015**
Technics Oil & Gas Limited (the company)	**Number of shares of no par value**		
Ting Yew Sue	33,141,662	33,141,662	33,141,662
Tay Mian Cheo	6,569,012	8,069,012	8,069,012
Ting Tiong Ching	14,128,000	14,128,000	14,128,000
Tan Kia Teck Thomas	160,000	160,000	160,000
Ong Siew Peng	175,000	175,000	175,000

STATEMENT BY DIRECTORS

Name of directors and companies in which interests are held	Deemed interest: At beginning of the reporting year or date of appointment if later	At end of the reporting year	At 21 October 2015
<u>Technics Oil & Gas Limited (the company)</u>			
Tay Mian Cheo	5,000,000	5,000,000	5,000,000
Tan Kia Teck Thomas	70,000	70,000	70,000

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangements to which the company is a party, being arrangements whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP will not be seeking re-election.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Ong Siew Peng (Chairman of the Audit Committee and Lead Non-Executive Independent Director)
Dr Liew Jat Yuen Richard (Non-Executive Independent Director)
Tan Liam Beng (Non-Executive Independent Director)

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan.
- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them.

STATEMENT BY DIRECTORS

- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.

- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation on how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended Ernst & Young LLP to be the auditors for the year ending 30 September 2016. The appointment is subject to shareholders' approval at the Annual General Meeting on 29 January 2016.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 30 September 2015.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors

Ting Yew Sue
Director

Tay Mian Cheo
Director

6 January 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNICS OIL & GAS LIMITED (REGISTRATION NO:200205249E)

Report on the financial statements

We have audited the accompanying financial statements of Technics Oil & Gas Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 September 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Interests in associates

(a) The company's investment in Norr Offshore Group Limited ("NOGL"), a foreign associate accounted for by the equity method, is carried at $298,000 on the consolidated statement of financial position as at 30 September 2015, and the company's share of the NOGL's net loss after tax is included in the consolidated statement of income for the reporting year then ended.

(b) As at end of the reporting year, there were trade and other receivables owing by associates, NOGL and Norr Systems Hydraulics Pte Ltd ("NSHPL") as follows:

	Group 2015 $'000	Company 2015 $'000
Trade and other receivables:		
NOGL	1,490	1,052
NSHPL	13,086	–
	14,576	1,052

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNICS OIL & GAS LIMITED (REGISTRATION NO:200205249E)

(c) Contingent liability

	Group 2015	Company 2015
	$'000	$'000
Financial guarantee provided by the Company in respect of financial liabilities of NOGL	458	458

As more fully disclosed in Note 41, the associates' financial information which were audited by other auditors have been subject to audit qualifications as follows:

(i) Adverse opinion for NOGL

(ii) Qualified opinion regarding adequacy of provision for losses on NSHPL's work in progress inventories

Accordingly, we are unable to satisfy ourselves as to the extent of the ultimate realisability of the investments in associates and the above receivables and the crystallisation of the above contingent liability. We are also unable to ascertain the accuracy of the share of net assets of associates recorded at the end of the reporting year and results for the reporting year ended 30 September 2015 accounted for under the equity method as per FRS 28 Investment in Associates and Joint Ventures.

Qualified Opinion

In our opinion, except for the possible effects of the matters referred to in the Basis for Qualified Opinion paragraphs, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 30 September 2015 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the reporting year ended on that date.

Emphasis of Matter

We draw attention to Note 2B to the financial statements with respect to allowance for doubtful trade accounts and net realisable value of balance on construction contract costs. As at end of the reporting year, included in trade receivables, accrued revenue and balance on construction contract costs are amounts of $1,518,000, $7,506,000 and $1,351,000 respectively owing by and recoverable from a third party customer. The total allowance for impairment loss made in respect of these balances was $8,822,000. No further allowance for impairment loss was made in relation to the remaining balance of $1,553,000. Management considered the financial health of and near-term business outlook for the third party. Management is of the view that the balance is recoverable taking into consideration the profitability and financial position of the customer based on its latest audited financial statements for the reporting year ended 31 December 2014. The future outcome may be uncertain and adjustments may be required in future to increase or reduce the provision. Our opinion is not further qualified in respect of this matter.

Report on other legal and regulatory requirements

In our opinion, subject to the above matters, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

6 January 2016

Partner-in-charge of audit: Teo Cheow Tong
Effective from year ended 30 September 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2015

	Notes	Group 2015	Group 2014
		$'000	$'000
Revenue	4	74,184	69,246
Cost of sales		(42,204)	(43,664)
Gross profit		31,980	25,582
Interest income		61	41
Other gains	5	33,021	2,054
Marketing and distribution costs		(624)	(714)
Administrative expenses	6	(30,090)	(21,889)
Other losses	5	(24,282)	(5,198)
Finance costs	7	(4,579)	(1,788)
Share of loss from equity-accounted associates		(4,843)	(4,153)
Profit (loss) before tax from continuing operations		644	(6,065)
Income tax income (expense)	9	497	(878)
Profit (loss) from continuing operations, net of tax		1,141	(6,943)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge loss from interest rate swaps, net of tax	30	(839)	(1,255)
Exchange differences on translating foreign operations, net of tax		(95)	(10)
Other comprehensive loss for the year, net of tax		(934)	(1,265)
Total comprehensive income (loss)		207	(8,208)
Profit (loss) attributable to owners of the parent, net of tax		1,077	(7,470)
Profit attributable to non-controlling interests, net of tax		64	527
Profit (loss) net of tax		1,141	(6,943)
Total comprehensive income (loss) attributable to owners of the parent		841	(8,388)
Total comprehensive (loss) income attributable to non-controlling interests		(634)	180
Total comprehensive income (loss)		207	(8,208)
Earnings (loss) per share			
Earnings (loss) per share currency unit		Cents	Cents
Basic	10	0.46	(3.35)
Diluted	10	0.29	(3.35)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	89,336	131,300	1	1
Intangible assets	12	4,146	5,312	–	–
Investments in subsidiaries	13	–	–	21,297	21,297
Investments in associates	14	598	5,227	300	300
Finance lease receivables, non-current	15	–	2,335	–	–
Total non-current assets		94,080	144,174	21,598	21,598
Current assets					
Inventories	16	2,168	4,711	–	–
Trade and other receivables, current	17	45,200	37,149	37,276	54,746
Finance lease receivables, current	15	2,589	875	–	–
Balance on construction contract costs	18	8,629	14,942	–	–
Other non-financial assets, current	19	1,102	1,489	33	34
Cash and cash equivalents	20	23,390	8,677	25	12
Total current assets		83,078	67,843	37,334	54,792
Total assets		177,158	212,017	58,932	76,390
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	70,817	74,137	70,817	74,137
Accumulated losses		(14,395)	(15,472)	(25,929)	(11,051)
Other reserves	22	9,633	9,869	10,911	10,911
Equity, attributable to owners of the parent		66,055	68,534	55,799	73,997
Non-controlling interests		1,973	4,007	–	–
Total equity		68,028	72,541	55,799	73,997
Non-current liabilities					
Deferred tax liabilities	9	905	3,046	24	582
Other payables, non-current	23	–	8,240	–	–
Finance leases, non-current	24	720	301	–	–
Other financial liabilities, non-current	25	35,131	33,117	–	–
Other non-financial liabilities, non-current	26	24,072	–	–	–
Total non-current liabilities		60,828	44,704	24	582
Current liabilities					
Income tax payable		1,852	1,307	324	181
Trade and other payables, current	27	33,481	24,599	2,785	1,630
Due to customers on construction contracts	18	2,886	1,474	–	–
Finance leases, current	24	313	154	–	–
Other financial liabilities, current	25	7,928	63,590	–	–
Other non-financial liabilities, current	26	1,842	3,648	–	–
Total current liabilities		48,302	94,772	3,109	1,811
Total liabilities		109,130	139,476	3,133	2,393
Total equity and liabilities		177,158	212,017	58,932	76,390

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2015

Group:	Total Equity	Attributable to Parent Sub-Total	Share Capital	(Accumulated Losses)/ Retained Earnings	Foreign Currency Translation Reserve	Hedging Reserve	Warrants Reserve	Non-Controlling Interests
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current year:								
Opening balance at 1 October 2014	72,541	68,534	74,137	(15,472)	(125)	(917)	10,911	4,007
Movements in equity:								
Total comprehensive income for the year	207	841	–	1,077	(1)	(235)	–	(634)
Purchase of treasury shares (Note 21)	(3,320)	(3,320)	(3,320)	–	–	–	–	–
Dividend paid / payable #a	(1,400)	–	–	–	–	–	–	(1,400)
Closing balance at 30 September 2015	68,028	66,055	70,817	(14,395)	(126)	(1,152)	10,911	1,973
Previous year:								
Opening balance at 1 October 2013	55,938	57,633	65,759	(8,002)	(124)	–	–	(1,695)
Movements in equity:								
Total comprehensive loss for the year	(8,208)	(8,388)	–	(7,470)	(1)	(917)	–	180
Acquisition of subsidiaries (Note 28)	7,657	–	–	–	–	–	–	7,657
Incorporation of subsidiary	268	–	–	–	–	–	–	268
Issue of share capital (Note 21)	8,099	8,099	8,099	–	–	–	–	–
Issue of warrants (Note 21)	10,911	10,911	–	–	–	–	10,911	–
Purchase of treasury shares (Note 21)	(2,719)	(2,719)	(2,719)	–	–	–	–	–
Share-based payments (Note 21)	289	289	289	–	–	–	–	–
Subsidiary de-registered	(3)	–	–	–	–	–	–	(3)
Reissuance of treasury shares (Note 21)	2,709	2,709	2,709	–	–	–	–	–
Dividend paid / payable #b	(2,400)	–	–	–	–	–	–	(2,400)
Closing balance at 30 September 2014	72,541	68,534	74,137	(15,472)	(125)	(917)	10,911	4,007

#a During the reporting year, two interim exempt (one-tier) dividends of S$4.17 and S$25.00 per share are declared by subsidiaries.

#b During the prior year, an interim exempt (one-tier) dividend of S$13.33 per share was declared by a subsidiary.

Company:	Total Equity	Share Capital	Accumulated Losses	Warrants Reserve
	$'000	$'000	$'000	$'000
Current year:				
Opening balance at 1 October 2014	73,997	74,137	(11,051)	10,911
Movements in equity:				
Total comprehensive loss for the year	(14,878)	–	(14,878)	–
Purchase of treasury shares (Note 21)	(3,320)	(3,320)	–	–
Closing balance at 30 September 2015	55,799	70,817	(25,929)	10,911
Current year:				
Opening balance at 1 October 2013	51,119	65,759	(14,640)	–
Movements in equity:				
Total comprehensive income for the year	3,589	–	3,589	–
Issue of share capital (Note 21)	8,099	8,099	–	–
Issue of warrants (Note 21)	10,911	–	–	10,911
Purchase of treasury shares (Note 21)	(2,719)	(2,719)	–	–
Share-based payments (Note 21)	289	289	–	–
Reissuance of treasury shares (Note 21)	2,709	2,709	–	–
Closing balance at 30 September 2014	73,997	74,137	(11,051)	10,911

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2015

	Group	
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit/(loss) before tax	644	(6,065)
Adjustments for:		
Amortisation of intangible assets	1,166	521
Depreciation of property, plant and equipment	7,406	5,126
Gain on disposal of plant and equipment	(26,265)	(39)
Gain on disposal of associate	–	(121)
Gain on disposal of subsidiary	(2,172)	(3)
Interest income	(61)	(41)
Interest expense	4,579	1,788
Allowance for impairment of plant and equipment	–	1,824
Allowance for impairment of vessels	11,398	–
Impairment of investment in associates	286	2,441
Amortisation of deferred capital gain	(611)	–
Share-based payments	–	193
Share of loss of associates	4,843	4,153
Foreign exchange adjustment unrealised gain	(3,371)	(669)
Operating cash flows before changes in working capital	(2,158)	9,108
Inventories	1,413	(441)
Trade and other receivables, current	985	7,263
Other assets and balance on construction contract costs, current	2,872	(1,007)
Trade and other payables, current	1,377	701
Other liabilities and due to customers on contruction contracts, current	(2,157)	(2,878)
Net cash flows from operations	2,332	12,746
Income taxes paid	(1,024)	(423)
Net cash flows (used in) from operating activities	1,308	12,323
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 20B)	(7,015)	(92,173)
Disposal of property, plant and equipment	86,339	58
Acquisition of subsidiaries (net of cash acquired) (Note 28)	–	(3,803)
(Increase)/decrease in investment in associates	(500)	121
Disposal of subsidiary (Note 29)	8,240	–
Incorporation of subsidiaries – contribution from non-controlling interests	–	268
Finance lease receivables	621	875
Interest received	61	41
Net cash flows from (used in) investing activities	87,746	(94,613)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2015

	Group	
	2015	2014
	$'000	$'000
<u>Cash flows from financing activities</u>		
Dividend paid to non-controlling interests	(1,400)	(1,600)
Net movements in amounts due to related parties	(7,588)	18,654
Purchase of treasury shares	(3,320)	(2,719)
Issue of warrants	–	10,911
Other financial liabilities	(74,111)	(15,800)
Increase from new borrowings	16,253	57,274
Finance lease repayments	(320)	(62)
Cash restricted in use	(9,457)	18,373
Interest paid	(4,579)	(1,721)
Net cash flows (used in) from financing activities	(84,522)	83,310
Net increase in cash and cash equivalents	4,532	1,020
Net effect of exchange rate changes	135	69
Cash and cash equivalents, statement of cash flows, beginning balance	2,948	1,859
Cash and cash equivalents, statement of cash flows, ending balance (Note 20A)	7,615	2,948

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollar and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company's principal activities are the provision of management services and that of an investment holding company.

It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are described in Note 13 below.

The registered office is: 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095. The company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting year measured by the proportion of the cost incurred to date bears to the estimated total cost of the transaction and the amount of revenue, stage of completion, and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established. Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see below).

Construction contracts – revenues and results

When the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the contract are recognised in profit or loss by reference to the stage of completion of the contract activity at the end of the reporting year using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs method except where this would not be representative of the stage of completion. Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed by the customer. The stage of completion method relies on estimates of total expected contract revenue and costs, as well as dependable measurement of the progress made towards completing a particular project. Recognised revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised. The cumulative impact of a revision in estimates is recorded in the period such revisions become likely and estimable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The work in progress projects have operating cycles longer than one year. The management includes in current assets amounts relating to the contracts realisable over a period in excess of one year.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Share-based compensation

Benefits to employees are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market place of the entity's share (or an estimated market price, if the entity's shares are not publicly traded). The fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property and improvements	–	Over the terms of lease from 5.88% to 20.00%
Plant and equipment	–	6.25% to 33.33%
Vessels	–	3.42% to 3.44%
Construction in progress	–	Not depreciated

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful life is as follows:

Customer lists – 5 years

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss. For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

There were no acquisitions during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests

The non-controlling interests is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit and loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Finance leases of lessor

An amount due from a lessee is recognised as receivables at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiation and arranging an operating lease are added to carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year date, there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year date, there were no financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge. The above documentation is subsequently updated at each end of the reporting year in order to assess whether the hedge is still expected to be highly effective over the remaining life of the hedge. Hedge accounting can be used for fair value hedge; cash flow hedge; and hedge of a net investment in a foreign operation. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. The applicable derivatives and other hedging instruments used are described below in the notes to the financial statements.

Cash flow hedge: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised (net of tax) directly in other comprehensive income and accumulated in other reserves, and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. No adjustment is made to the hedged item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were accumulated in other reserves are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the entity removes the associated gains and losses that were recognised in other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability (basis adjustment).

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's owners and no gain or loss is recognised in profit or loss.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Construction contracts:

For construction contracts, revenues are recorded on the stage of completion basis. The stage of completion is determined by dividing the cumulative costs incurred as at end of the reporting period by the sum of incurred costs and anticipated costs for completing a contract. The stage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contracts in progress, and in making such estimates, judgments are required to evaluate contingencies such as potential variances in scheduling, cost of materials, labour costs and productivity, the impact of change orders or liability claims. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the stage of completion. Estimated revenues on contracts include future revenues from claims when such additional revenues can be reliably established. These estimates are based on management's business practices as well as its historical experience, and management regularly reviews underlying estimates of project profitability. Revenue from contracts is recognised on the stage of completion method the outcome of the contract can be estimated reliably. Recognised revenues and profits are subject to revisions during the project in the event that the assumptions regarding the overall project outcome are revised.

Current sales and profit estimates for projects may materially change due to the early stage of a long-term project, new technology, changes in the project scope, changes in costs, changes in timing, changes in customers' plans, realisation of penalties, and other corresponding factors.

Allowance for doubtful trade accounts and net realisable value of balance on construction contract costs:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and analyses historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables and finance lease receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed.

Balances assessed individually include the following:

(i) Included in trade receivables is an amount of $1,757,000 (2014: $1,952,000) owing by a third party customer. Whether any impairment is required involves significant judgement. Management analyses the financial health of and near-term business outlook for the third party. Management is of the view that there is no collectability issue as the third party has already paid up 50% of the contract sum in 2014 and the third party is a subsidiary of a listed company in Malaysia. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected.

(ii) Included in trade receivables, accrued revenue and balance on construction contract costs are amounts of $1,518,000, $7,506,000 and $1,351,000 respectively owing by and recoverable from a third party customer. The total allowance for impairment made in respect of these balances was $8,822,000. No further allowance for impairment loss was made in relation to the remaining balance of $1,553,000. Management considered the financial health of and near-term business outlook for the third party. Management is of the view that the balance is recoverable taking into consideration the profitability and financial position of the customer based on its latest audited financial statements for the reporting year ended 31 December 2014.

Except for those disclosed above, at the end of the reporting year, the trade receivables and balance on construction contract costs carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables and balance on construction contract costs.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Balance consideration receivable on disposal of subsidiary:

As disclosed in Note 29, as at the reporting year end, there is a sale consideration balance receivable of $2.7 million from the sale of a subsidiary pending the completion of a tax audit by the local tax authority. Any additional liabilities arising from the tax audit over and above amounts provided for in the ex-subsidiary's accounts as at 30 September 2014 would be deducted against the balance consideration receivable. Management has made an assessment that such liabilities, if any, would not be material as there are no major outstanding unresolved tax matters.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Income tax amounts:

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefits from a reduction in tax payments.

This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in note on income tax.

Property, plant and equipment:

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is determined based on value-in-use calculations. The value-in-use calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is $64,694,000 (2014: $109,937,000).

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is $81,715,000 (2014: $88,011,000).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Measurement of impairment of subsidiary or associate:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the assets affected. The carrying amount of the specific asset at the end of the reporting year affected by the assumption is $298,000 (2014: $12,434,000).

Determination of functional currency:

In determining the functional currencies of the reporting entity and the separate reporting entities in the group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of each reporting entity's determined based on management's assessment of the economic environment in which the reporting entity operates and the reporting entities' process of determining sales prices.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related parties transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

3. Related party relationships and transactions (cont'd)

3A. Related parties transactions: (cont'd)

Significant related party transactions:

	Associates Group 2015	Associates Group 2014
	$'000	$'000
Purchase of goods and services	1,457	1,138
Sales of goods and services	1,236	5,792
Purchase of vessels #a	–	68,840

	Directors Group 2015	Directors Group 2014
	$'000	$'000
Interest expense	–	44

	Other related party Group 2015	Other related party Group 2014
	$'000	$'000
Interest expense #b	82	56

#a The following 2 vessels were acquired at $68,840,000 from an associate by a 55% owned subsidiary in 2014.

	Purchase value	Add fixed deposit taken over	Less loan taken over	Net purchase consideration
	$'000	$'000	$'000	$'000
Vessel 1	34,420	2,239	(17,863)	18,796
Vessel 2	34,419	2,239	(17,550)	19,108
	68,839	4,478	(35,413)	37,904

The purchase of the 2 vessels was on a willing buyer willing seller basis by reference to market evidence transaction prices for similar vessels.

#b The related party, Hup Seng Offshore Engineering Pte Ltd, is a company belonging to the brother of Ting Yew Sue, a director of the company.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	Group	
	2015	2014
	$'000	$'000
Salaries and other short-term employee benefits	1,509	1,122

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	2015	2014
	$'000	$'000
Remuneration of directors of the company	1,360	978
Fees to directors of the company	149	144

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity company, directly or indirectly. The above amounts for key management compensation are for all the directors.

3C. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries Company	
	2015	2014
	$'000	$'000
Other receivables:		
Balance at beginning of the year – net debit	40,225	21,246
Net amount paid (in)/out and settlement of liabilities on behalf of (the company)/another party	(7,328)	23,079
Allowance for impairment	(12,474)	(4,100)
Balance at end of the year – net debit	20,423	40,225

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

3. Related party relationships and transactions (cont'd)

3C. Other receivables from and other payables to related parties: (cont'd)

	Associates			
	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other receivables:				
Balance at beginning of the year – net debit	3,043	13,057	14,093	12,990
Net amount paid out/(in) and settlement of liabilities on behalf of another party/(the company)	3,760	(10,014)	1,558	1,103
Balance at end of the year – net debit	6,803	3,043	15,651	14,093

	Directors			
	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other payables:				
Balance at beginning of the year – net credit	4,240	–	–	–
(Repayment)/Loan payable	(1,596)	4,240	–	–
Balance at end of the year – net credit	2,644	4,240	–	–

	Other related parties			
	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Other payables:				
Balance at beginning of the year – net credit	5,200	–	–	–
(Repayment)/Loan payable	(2,000)	4,400	–	–
Dividend payable to non-controlling interest	250	800	–	–
Balance at end of the year – net credit	3,450	5,200	–	–

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Revenue from construction contracts	31,392	46,380
Rendering of services	29,752	19,065
Rental income	13,040	3,801
	74,184	69,246

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

5. Other gains and (other losses)

	Group	
	2015	2014
	$'000	$'000
Allowance for impairment on trade receivables	(9,471)	(15)
Allowance for impairment on other receivables	(543)	–
Allowance for impairment on investment in associates	(286)	(2,441)
Amortisation of intangible assets	(1,166)	(521)
Allowance for impairment of plant and equipment	–	(1,824)
Allowance for impairment of vessels	(11,398)	–
Bad trade debt written off	(1)	(177)
Foreign exchange adjustments gains	3,917	473
Gain on disposal of associate	–	121
Gain on disposal of subsidiary	2,172	–
Gain on disposal of property, plant and equipment	26,265	39
Government grant	43	36
Inventories written down – reversal	–	21
Inventories written off	(1,404)	(191)
Reimbursement of legal cost arising from litigation settlement	–	300
Sundry income	624	1,064
Sundry expenses	(13)	(29)
Net	8,739	(3,144)
Presented in profit or loss as:		
Other losses	(24,282)	(5,198)
Other gains	33,021	2,054
Net	8,739	(3,144)

6. Administrative expenses

The major components include the following:

	Group	
	2015	2014
	$'000	$'000
Rental expense	4,296	1,920
Depreciation expense	3,882	3,676
Employee benefits expense	13,333	9,530

7. Finance costs

	Group	
	2015	2014
	$'000	$'000
Interest expense	4,579	1,788

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

8. Employee benefits expense

	Group	
	2015	2014
	$'000	$'000
Short term employee benefits expense	19,035	14,215
Contributions to defined contribution plan	1,033	970
Share based payments equity settled (Note 21 #c)	96	193
Total employee benefits expense	20,164	15,378
Allocation of the employee benefits expense		
Cost of sales	6,831	5,848
Administrative expenses	13,333	9,530
	20,164	15,378

9. Income tax

9A. Components of tax expense recognised in profit or loss include:

	Group	
	2015	2014
	$'000	$'000
Current tax expense:		
Current tax expenses	1,766	365
Over adjustments to current tax in respect of prior periods	(122)	(40)
Subtotal	1,644	325
Deferred tax (income) expense:		
Deferred tax (income) expense	(246)	59
(Over) under adjustments to deferred tax in respect of prior periods	(1,895)	494
Subtotal	(2,141)	553
Total income tax (income) expense	(497)	878

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

9. Income tax (cont'd)

9A. Components of tax expense recognised in profit or loss include: (cont'd)

	Group	
	2015	2014
	$'000	$'000
Profit/(loss) before tax	644	(6,065)
Less: Share of loss from equity-accounted associates	4,843	4,153
	5,487	(1,912)
Income tax expense (benefit) at the above rate	933	(325)
Expenses not deductible for tax purposes	690	717
Tax exemptions	(206)	(241)
Movement in unrecognised deferred tax asset	(1,869)	(446)
Over adjustments to tax in respect of prior periods	(122)	(40)
Effect of different tax rates in different countries	1,265	(158)
Tax loss forfeited	–	1,109
(Over)/ under adjustments to deferred tax in respect of prior periods	(1,895)	494
Other minor items less than 3% each	707	(232)
Total income tax (income)/expense	(497)	878

There are no income tax consequences of dividends to shareholders of the company.

9B. Deferred tax expense recognised in profit or loss include:

	Group	
	2015	2014
	$'000	$'000
Excess of net book value of plant and equipment over tax values	(991)	684
Over recognition of deferred tax liabilities	–	(302)
Tax loss carryforwards	1,712	472
Tax loss carryback	–	100
Deferred tax liabilities on intangibles arising from acquisition of subsidiaries	(464)	–
Provisions	(13)	45
Deferred tax assets not recognised	(1,869)	(446)
Other	(516)	–
Total deferred tax (income) expense recognised in profit or loss	(2,141)	553

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

9. Income tax (cont'd)

9C. Deferred tax balance in the statements of financial position:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
From deferred tax assets (liabilities) recognised in profit or loss:				
Excess of net book value of plant and equipment over tax values	(292)	(1,283)	–	–
Tax loss carryforwards	1,930	3,642	–	–
Deferred tax liabilities on intangibles arising from acquisition of subsidiaries	(700)	(1,164)	–	–
Provisions	31	18	–	–
Unrecognised deferred tax assets	(1,808)	(3,677)	–	–
Arising from foreign sourced interest income not remitted	(66)	(582)	(24)	(582)
Total	(905)	(3,046)	(24)	(582)
Presented in the statement of financial position as follows:				
Deferred tax liabilities	(905)	(3,046)	(24)	(582)

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax asset for the tax losses that have not been recognised are in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Included in unrecognised tax losses are losses that will expire as follows:

Group

Unrecognised deferred tax assets:	Tax losses		Unrecognised deferred tax assets	
Expiring in year	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
2015	–	2,131	–	533
2016	–	1,384	–	346
2017	–	2,240	–	560
2018	–	928	–	232
2019	–	2,096	–	524
	–	8,779	–	2,195

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders are defined.

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

10. Profit (loss) per share

The following table illustrates the numerators and denominators used to calculate basic and diluted loss per share of no par value:

		Group	
		2015	2014
		$'000	$'000
A.	Numerators: profit/(loss) attributable to equity:		
	Continuing operations: attributable to equity holders	1,077	(7,470)
B.	Total basic profit/(loss)	1,077	(7,470)
C.	Diluted profit/(loss)	1,077	(7,470)
		No: '000	No: '000
D.	Denominators: weighted average number of equity shares		
	Basic	233,379	223,213
	Dilutive share options effect	138,612	–
E.	Diluted	371,991	223,213
Basic profit (loss) per share – cents		0.46	(3.35)
Diluted profit (loss) per share – cents		0.29	(3.35)

The weighted average number of equity shares refers to shares in circulation during the reporting year.

In 2014, there is no dilutive effect from the share warrants (Note 21) as they are anti-dilutive because their conversion to ordinary shares would decrease loss per share from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

11. Property, plant and equipment

Group	Construction-in-progress	Leasehold property and improvements	Vessels	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 October 2013	10,575	23,177	–	28,403	62,155
Foreign exchange adjustments	7	4	–	203	214
Additions	21,500	60	68,839	1,774	92,173
Acquisition of subsidiaries	–	27	–	2,782	2,809
Transfers	(17,427)	14,107	–	3,320	–
Disposals	–	(72)	–	(135)	(207)
At 30 September 2014	14,655	37,303	68,839	36,347	157,144
Foreign exchange adjustments	437	95	8,365	269	9,166
Additions	4,216	1,340	–	2,357	7,913
Transfer to plant and equipment	(9,410)	–	–	9,410	–
Transfer to inventories	(552)	–	–	–	(552)
Deconsolidation of subsidiary	–	(1,147)	–	(6,119)	(7,266)
Disposals (a)	(1,728)	(37,556)	–	(14,636)	(53,920)
At 30 September 2015	7,618	35	77,204	27,628	112,485
Accumulated depreciation and impairments losses:					
At 1 October 2013	–	7,215	–	11,734	18,949
Foreign exchange adjustments	–	5	12	116	133
Depreciation for the year	–	1,521	578	3,027	5,126
Impairment for the year	–	–	–	1,824	1,824
Disposals	–	(72)	–	(116)	(188)
At 30 September 2014	–	8,669	590	16,585	25,844
Foreign exchange adjustments	–	35	401	(304)	132
Depreciation for the year	–	848	2,480	4,078	7,406
Impairment for the year	–	–	11,398	–	11,398
Deconsolidation of subsidiary	–	(97)	–	(1,242)	(1,339)
Disposals (a)	–	(9,423)	–	(10,869)	(20,292)
At 30 September 2015	–	32	14,869	8,248	23,149
Net book value:					
At 1 October 2013	10,575	15,962	–	16,669	43,206
At 30 September 2014	14,655	28,634	68,249	19,762	131,300
At 30 September 2015	7,618	3	62,335	19,380	89,336

(a) Included in disposals are property, plant and equipment that Technics Offshore Engineering Pte Ltd sold and leaseback its leasehold interest in respect of 72 Loyang Way Singapore 508762 on 27 May 2015 (see Note 26A).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

11. Property, plant and equipment (cont'd)

Company	Plant and equipment
	$'000
Cost:	
At 1 October 2013	1
Additions	–
At 30 September 2014	1
Additions	–
At 30 September 2015	1
Accumulated Depreciation:	
At 1 October 2013	–
Depreciation for the year	–
At 30 September 2014	–
Depreciation for the year	–
At 30 September 2015	–
Net book value:	
At 1 October 2013	1
At 30 September 2014	1
At 30 September 2015	1

Allocation of the depreciation expense:

	Group	
	2015	2014
	$'000	$'000
Cost of sales	3,524	1,450
Administrative expenses	3,882	3,676
	7,406	5,126

Included in construction-in-progress are equipment of $7,618,000 (2014: $13,223,000) and leasehold property and improvements of $nil (2014: $1,432,000). The interest cost capitalisation is not significant.

Certain items of plant and equipment are under finance lease agreements (see Note 24).

Leasehold property and improvements at a carrying value of $nil (2014: $27,280,000) are pledged as security for certain bank facilities (see Note 25).

In 2014, two vessels were purchased from an associate (see Note 3). On 1 October 2015, a desktop valuation was performed by Ship-Val (IMS) Pte Ltd, a firm of independent professional valuers based on current market supply and demand for vessels of this type and size to reflect the actual market state and circumstances as of the end of the reporting year. The non-recurring fair value was $62,335,000 (Level 3). The carrying amount of the vessels was impaired by $11,398,000. The loss is due to the weak market conditions.

Sensitivity on management's estimates – 10% variation from estimate: Impact on impairment – lower / higher by $6,233,500.

In 2014, the useful life of certain assets were revised. As a result of this review, the estimated useful lives of certain assets have been increased from 17 years to 24 years. The change in estimate has no significant impact on the results for the year.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

12. Intangible assets

Group	Customer lists
	$'000
Cost:	
At 1 October 2013	–
Addition through business combination (Note 28)	5,833
At 30 September 2014 and 30 September 2015	5,833
Accumulated Amortisation:	
At 1 October 2013	–
Amortisation for the year	521
At 30 September 2014	521
Amortisation for the year	1,166
At 30 September 2015	1,687
Net book value:	
At 1 October 2013	–
At 30 September 2014	5,312
At 30 September 2015	4,146

13. Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Cost at beginning of the year	21,297	7,659
Additions	–	13,689
Disposals	–	(51)
Cost at the end of the year	21,297	21,297
Total cost comprising:		
Unquoted equity share at cost	23,950	23,950
Allowance for impairment	(2,653)	(2,653)
Total at cost	21,297	21,297

The listing of and information on the subsidiaries are given below.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

13. Investments in subsidiaries (cont'd)

13A. Wholly-owned subsidiaries

Name of subsidiaries (and independent auditors)	Principal activities	Place of business and incorporation	Effective percentage of equity held by group 2015	Effective percentage of equity held by group 2014	Cost in books of company 2015	Cost in books of company 2014
			%	%	$'000	$'000
Held by the company						
Petro Process System Pte.Ltd. #a	Engineering and design of process modules and equipment for oil and gas exploration and production	Singapore	100	100	92	92
Technics Offshore Engineering Pte Ltd #a	Design, fabrication, installation and commissioning of process modules and equipment for oil and gas exploration and production Leasing and maintenance of equipment	Singapore	100	100	7,507	7,507
AMF Tech Asia Sdn. Bhd. (SQ Morison) #b	Dormant	Malaysia	100	100	*	*
Held through Technics Offshore Engineering Pte Ltd						
PT. Technic Offshore Jaya (KAP. Riyanto, SE, Ak) #b	Fabrication and installation of process modules and equipment for oil and gas exploration and production	Indonesia	100	100		
Technics Engineering Australia Pty Ltd (Liquidated on 8 October 2014) #d	Provide marketing, co-ordination and administrative support services	Australia	–	100		
V Offshore Engineering Pte Ltd #a	Provision of engineering services, fabrication of equipment and provision of technical services in the oil and gas industry	Singapore	100	100		
Vina Offshore Engineering Co., Ltd (RSM DTL Auditing Co., Ltd) #c, #d (Lost control on 1 April 2015) (Note 29)	Process and manufacture equipment for petroleum section and marine engineering, design, construction, maintenance, repair of industrial works and sea works, supply technological consultancy services, build harbour for the company's producing, trading activities and for receiving petroleum exploiting ship, hire surplus workshop	Vietnam	–	100		
Held through V Offshore Engineering Pte Ltd						
Central Testing Centre Pte Ltd (Applied for strike off on 3 December 2015) #d	Inspection & Testing for offshore equipment in Oil & Gas and Marine Industry	Singapore	100	100		

13. Investments in subsidiaries (cont'd)

13B. Subsidiaries with non-controlling interests

Name of subsidiaries (and independent auditors)	Principal activities	Place of business and incorporation	Effective percentage of equity held by group		Cost in books of company	
			2015	2014	2015	2014
			%	%	$'000	$'000
Held by the company						
Technics Systems Solutions Pte Ltd #a	Design, engineering, integration, testing and supply of turbo machinery control (TMC) for oil and gas, power and general industries	Singapore	51	51	102	102
M2E Corporation Ltd. (S. Y. Yang & Company) #b, #d	Investment holding and sales and marketing support activities for PRC operations	Hong Kong	85	85	2,560	2,560
Rigging & Marine Services Pte Ltd (Acquired 11 August 2014) (Ernst & Young LLP) #b	Provision of rigging and other marine services to other ocean-going vessels	Singapore	70	70	11,269	11,269
Marinelift Testing & Supply Pte Ltd (Acquired 11 August 2014) (Ernst & Young LLP) #b	Rental of equipment and provision of consultancy and testing services	Singapore	70	70	2,420	2,420
Held through Technics Offshore Engineering Pte Ltd						
Technics Steel Pte Ltd #a	Design, supply, fabrication and erection of a wide spectrum of structural steelworks	Singapore	51	51		

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

13. Investments in subsidiaries (cont'd)

13B. Subsidiaries with non-controlling interests (cont'd)

Name of subsidiaries (and independent auditors)	Principal activities	Place of business and incorporation	Effective percentage of equity held by group	
			2015	2014
			%	%
Held through V Offshore Engineering Pte Ltd				
Vigahs Marine Technologies Pte Ltd (Acquired 10 February 2014) #a	Supplier of marine equipment and accessories and providing engineering services	Singapore	74	74
Held through Petro Process Systems Pte Ltd				
Technorr Marine Pte Ltd (Incorporated 15 May 2014) #a, #e	Chartering of vessel	Singapore	55	55
Held through M2E Corporation Ltd.				
M2E Corp (Suzhou) Co., Limited. (RSM China Certified Public Accountants) #c, #d	Oil gas supply, aerospace repair and OEM manufacturing, medical equipment manufacturing, EMS for multi-national companies	People's Republic of China	85	85

* Amount is less than $500.

#a Audited by RSM Chio Lim LLP.

#b Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

#c Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

#d Not audited in 2015, as it is immaterial.

#e The Group has indirect interest of 18% in the above entity on top of its 55% direct interest by virtue of its investment in associate, Norr Systems Pte. Ltd.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

13. Investments in subsidiaries (cont'd)

13B. Subsidiaries with non-controlling interests (cont'd)

There is a subsidiary with non-controlling interests ("NCI") that is considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below.

	Group 2015	Group 2014
	$'000	$'000
Technorr Marine Pte Ltd		
#1. The profit allocated to NCI of the subsidiary during the reporting year	(4,799)	76
#2. Accumulated NCI of the subsidiary at the end of the reporting year	(5,613)	(237)
#3. The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the Group and amounts before inter-company eliminations) is as follows:		
Current assets	8,699	5,394
Non-current assets	62,335	68,249
Current liabilities	48,377	41,442
Non-current liabilities	35,131	33,117
Revenue	10,734	2,523
(Loss) Profit for the reporting year	(10,666)	281
Total comprehensive loss	(11,447)	(967)
Operating cash flows, increase	6,024	1,657
Net cash flows, (decrease) increase	(103)	644

14. Investments in associates

	Group 2015	Group 2014	Company 2015	Company 2014
	$'000	$'000	$'000	$'000
Movements in carrying value:				
Balance at beginning of the year	5,227	11,821	300	421
Additions	500	–	–	–
Disposal	–	–	–	(121)
Allowance for impairment	(286)	(2,441)	–	–
Share of loss for the year	(4,843)	(4,153)	–	–
Balance at end of the year	598	5,227	300	300
Carrying value:				
Unquoted equity shares at cost	10,645	10,145	300	300
Share of post-acquisition losses, net of dividends received	(7,320)	(2,477)	–	–
Allowance for impairment	(2,727)	(2,441)	–	–
	598	5,227	300	300
Movements in above allowance for impairment:				
Balance at beginning of the year	2,441	–	–	–
Impairment loss charged to profit or loss included in other losses	286	2,441	–	–
Balance at end of the year	2,727	2,441	–	–

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

14. Investments in associates (cont'd)

The listing of and information on the associates are given below:

Name of associates, country of incorporation, place of operations, principal activities and independent auditors	**Percentage of equity held by the group**	
	2015	**2014**
	%	%
Held by the company		
Eversendai Technics Pte Ltd Singapore Integration of compression systems & process #b	30	30
Held through Petro Process System Pte. Ltd.		
Norr Offshore Group Limited Cayman Island Investment holding (Deloitte & Touche LLP) #a	42	40
Held through Norr Offshore Group Limited		
Wecom Engineering Pte Ltd Singapore Manufacture and repair of marine and industrial mechanical parts and engineering works, process industries construction and maintenance activities (Deloitte & Touche LLP) #a	42	40
Norr Systems Pte. Ltd. Singapore Manufacture of control systems and solutions for marine, offshore, oil and gas, power, waterworks and general industries (Deloitte & Touche LLP) #a	42	40
Held through Wecom Engineering Pte Ltd		
Wecom Construction & Marine Pte Ltd (Formerly known as Wecom Marine Pte Ltd) Singapore Repair tank cleaning and other ocean-going vessel, non-building construction NEC (Deloitte & Touche LLP) #a	42	40
Held through Norr Systems Pte. Ltd.		
Norr Systems Hydraulics Pte Ltd Singapore Manufacture of control systems and solutions in marine, offshore, oil and gas, power, waterworks and related industries (Deloitte & Touche LLP) #a	25	24

#a Equity accounted based on financial statements audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

#b Not audited, as it is immaterial.

There are associates that are considered not material to the reporting entity. The summarised financial information of all the non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

14. Investments in associates (cont'd)

	Group	
	2015	2014
	$'000	$'000
Aggregate for all non-material associates:		
Loss from continuing operations	(13,229)	(10,446)
Total comprehensive income	(13,229)	(10,446)
Net assets of the associates	707	13,936

There are no significant restrictions on the ability of the major associates to transfer funds to the reporting entity in the form of cash dividends.

15. Finance lease receivables

Group	Minimum payments	Finance charges	Present value
2015	$'000	$'000	$'000
Accounts receivable under finance lease receivables:			
Due within one year	2,732	(143)	2,589
Total	2,732	(143)	2,589

Group	Minimum payments	Finance charges	Present value
2014	$'000	$'000	$'000
Accounts receivable under finance lease receivables:			
Due within one year	923	(48)	875
Due within 2 to 5 years	2,463	(128)	2,335
Total	3,386	(176)	3,210

There are finance leasing arrangements for certain tugboats and vessels. The term of finance leases entered into is 7 years.

Subsequent to the end of the reporting year on 20 October 2015, the Group's subsidiary, PT. Technic Offshore Jaya entered into a sale and purchase agreement with a third party to transfer the ownership of certain tugboats for full settlement of the finance lease receivables. In relation of this, PT. Technic Offshore Jaya has received a deposit of $500,000 during the reporting year included in trade and other payables (Note 27).

The interest rate inherent in the leases is fixed at the contract date for the lease terms. The weighted average interest rate on finance lease receivables at end of the reporting year was 1.4% (2014: 1.4%).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

16. Inventories

	Group	
	2015	2014
	$'000	$'000
Raw material and consumables	2,168	4,711
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	143	597
Charge/(reversed) to profit or loss included in cost of sales and other losses	255	(454)
Balance at end of the year	398	143
Raw material and consumables used	10,792	20,868
Inventories written off included in other losses	(1,404)	(170)

There are no inventories pledged as security for liabilities.

17. Trade and other receivables, current

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	35,484	27,573	143	–
Less allowance for impairment	(9,493)	(67)	–	–
Retention monies on construction contracts	443	121	–	–
Subsidiary (Note 3)	–	–	157	128
Associates (Note 3)	2,623	2,093	–	–
Subtotal	29,057	29,720	300	128
Other receivables:				
Subsidiaries (Note 3)	–	–	33,304	60,072
Less allowance for impairment	–	–	(12,881)	(19,847)
Associates (Note 3)	12,294	6,434	15,951	14,393
Outside parties	3,847	540	602	–
Less allowance for impairment	(543)	–	–	–
Deposits	545	455	–	–
Subtotal	16,143	7,429	36,976	54,618
Total trade and other receivables	45,200	37,149	37,276	54,746
Movements in the above allowance:				
Balance at beginning of the year	67	52	19,847	15,747
Charge for trade and other receivables to profit or loss included in other losses	10,014	15	12,474	4,100
Disposal of subsidiary	(45)	–	–	–
Bad debts written off	–	–	(19,440)	–
Balance at end of the year	10,036	67	12,881	19,847

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

18. Construction contracts in progress

	Group	
	2015	2014
	$'000	$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date on uncompleted contracts	53,172	43,567
Less progress payments received and receivable to date	(47,429)	(30,099)
Net amount arising from construction contracts at end of the year	5,743	13,468
Included in the accompanying statement of financial position as follows:		
Balance on construction contract costs, current	8,629	14,942
Due to customers on construction contracts, current	(2,886)	(1,474)
	5,743	13,468

19. Other non-financial assets, current

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred expenses #a	7	97	–	–
Prepayments	1,095	1,392	33	34
	1,102	1,489	33	34

#a. Included in the above are deferred expenses in relation to long service award scheme (see Note 21 #c).

20. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not restricted in use	8,979	4,199	25	12
Cash pledged for bank facilities	14,411	4,478	–	–
Cash at end of the year	23,390	8,677	25	12

The interest earning balances are not significant.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

20. Cash and cash equivalents (cont'd)

20A. Cash and cash equivalents in the statement of cash flows:

	Group 2015 $'000	Group 2014 $'000
Cash and cash equivalents	23,255	8,608
Foreign exchange rate changes	135	69
As shown above	23,390	8,677
Bank overdrafts	(1,364)	(1,251)
Cash pledged for bank facilities	(14,411)	(4,478)
Cash and cash equivalents for statement of cash flows purposes at end of the year	7,615	2,948

20B. Non-cash transactions

There were acquisitions of certain assets under plant and equipment with a total cost of $898,000 (2014: nil) acquired by means of finance leases.

21. Share capital

	Number of shares				
	Share capital	Treasury Shares	Share capital	Treasury shares	Total
<u>Group and company</u>			$'000	$'000	$'000
Ordinary shares of no par value:					
Balance at beginning of the year	224,525,706	(13,000)	65,771	(12)	65,759
Issue of shares #a	10,464,269	–	8,099	–	8,099
Purchase of treasury shares #b	–	(3,984,000)	–	(2,719)	(2,719)
Share-based payments #c	–	440,000	(11)	300	289
Transfer of treasury shares #a	–	3,500,000	317	2,392	2,709
Balance at end of the year 30 September 2014	234,989,975	(57,000)	74,176	(39)	74,137
Purchase of treasury shares	–	(4,737,800)	–	(3,320)	(3,320)
Balance at end of the year 30 September 2015	234,989,975	(4,794,800)	74,176	(3,359)	70,817

21. Share capital (cont'd)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

#a. In 2014, 10,464,269 ordinary shares of no par value were issued and fair valued at $0.774 each as part consideration for the acquisition of subsidiaries (see Note 28).

#b. As approved at the general shareholder's meeting, 3,984,000 treasury shares were acquired in 2014 on the Singapore Stock Exchange. During year 2014, 3,500,000 treasury shares were reissued as part of the purchase consideration for the acquisition of Rigging & Marine Services Pte Ltd and Marinelift Testing & Supply Pte Ltd (see Note 28) and 440,000 treasury shares were issued to serve the performance share plan awarded to employees. As at the end of the reporting year the remaining treasury shares are 4,794,800 (2014: 57,000) and have a market value of $3,117,000 (2014: $44,000).

#c. On 5 January 2012, the company established a long service award scheme to grant shares to senior executives who have worked for the group for 10 years and above. Each employee will be given 50 lots of shares and with every additional year of service, they will be entitled additional 10 lots of shares, subjected to availability of treasury shares from the share buyback exercise.

Employees are required to hold the shares for at least one year. Subsequently, they are allowed to sell up to maximum 50% of the entitled shares, the remaining balance of 50% must be maintained at all times. The award would be available to employees until the age of 65.

In 2014, 440,000 treasury shares were awarded to 14 employees of the group at the prevailing market price of $0.6583 per share at grant date. Management has expensed off costs of $193,000 in 2014 and $96,000 in 2015 (Note 8).

Share warrants:

On 12 December 2013, the company completed the renounceable non-underwritten rights issue of 89,805,082 warrants ("warrants") at an issue price of $0.125 per warrant, on the basis of 2 warrants for every 5 existing shares. Each warrant carries the right to subscribe for one new ordinary share in capital of the group at a price of $0.25 per share. On 12 December 2013, the warrants were allotted and issued. The aforesaid warrants were listed and quoted on the Main Board of SGX-ST on 16 December 2013. The warrants may be exercised on or before the market day immediately preceding the third anniversary of the date of issue of the warrants (i.e. 9 December 2016).

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with at a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

21. Share capital (cont'd)

Capital management: (cont'd)

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2015	2014
	$'000	$'000
Net debt:		
All current and non-current borrowings including finance leases	44,092	97,162
Less cash and cash equivalents	(23,390)	(8,677)
Net debt	20,702	88,485
Adjusted capital:		
Total equity	68,028	72,541
Less amount accumulated in equity relating to cash flow hedges	(2,094)	(1,255)
Adjusted capital	65,934	71,286
Debt-to-adjusted capital ratio	0.31	1.24

The improvement as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the repayment of borrowings during the reporting year.

22. Other reserves

The movements in the reserves are disclosed in the statements of changes in equity. The currency translation reserve accumulates all foreign exchange differences.

The hedging reserve accumulates after tax gains and losses on cash flow hedges.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividend. The other reserves are not available for cash dividends unless realised.

23. Other payables, non-current

	Group	
	2015	2014
	$'000	$'000
Loan payables to directors (Note 3)	–	4,240
Loan payables to other related party (Note 3)	–	4,000
	–	8,240

The agreements for the loan payables provides that they are with fixed and floating interest of 2.25% and 3.46% (2014: 2.25% and 3.46%) per annum respectively and is expected to be settled within the next 12 months. As such, the balance has been transferred to current for the reporting year (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

24. Finance leases

Group 2015	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	343	(30)	313
Due within 2 to 5 years	795	(75)	720
Total	1,138	(105)	1,033
Net book value of plant and equipment under finance leases			1,177

Group 2014	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	171	(17)	154
Due within 2 to 5 years	331	(38)	293
Due after 5 years	10	(2)	8
Total	512	(57)	455
Net book value of plant and equipment under finance leases			625

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	Group	
	2015	2014
Average lease term, in years	5 to 7	5 to 7
The fixed rate per year of interest for finance leases is about	1.38% to 2.93%	1.22% to 2.99%

The fair value is a reasonable approximation of the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

25. Other financial liabilities

	Group	
	2015	2014
	$'000	$'000
Non-current:		
Financial instruments with floating interest rates:		
Bank loan IV (secured) (Note 25A/Note 30)	16,870	16,296
Bank loan V (secured) (Note 25A)/Note 30)	16,870	16,296
Financial instruments with fixed interest rates:		
Derivative financial instruments (Note 25A/Note 30)	1,391	525
Non-current, total	35,131	33,117
Current:		
Financial instruments with floating interest rates:		
Bank overdrafts	1,364	1,251
Bills payable to banks (Note 25A)	1,909	12,610
Money market loans (secured) (Note 25A)	–	40,000
Revolving credits loans	–	2,412
Bank loan I (Note 25A)	–	1,750
Bank loan VI (secured) (Note 25A)	–	703
Bank loan IV (secured) (Note 25A/Note 30)	1,406	1,254
Bank loan V (secured) (Note 25A/Note 30)	1,406	1,254
Financial instruments with fixed interest rates:		
Bank loan II (Note 25A)	1,094	1,469
Bank loan III (Note 25A)	46	54
Bank loan VII (secured) (Note 25A)	–	103
Derivative financial instruments (Note 25A/Note 30)	703	730
Current, total	7,928	63,590
Total	43,059	96,707
The non-current portion is repayable as follows:		
Due within 2 to 5 years	35,131	10,758
After 5 years	–	22,359
Total non-current portion	35,131	33,117

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

25. Other financial liabilities (cont'd)

The ranges of floating and fixed rate interest rates paid were as follows:

	Group	
	2015	2014
	$'000	$'000
The ranges of floating rate interest rates paid were as follow:		
Bank loan I	–	2.88% to 3.03%
Bank loan VI	–	4.00% to 8.25%
Bank loan IV	3.54% to 3.58%	3.53%
Bank loan V	3.54% to 3.58%	3.53%
Money market loans	–	2.11% to 2.20%
Revolving credits loans	–	1.21% to 2.34%
Bank overdrafts	5.75% to 6.25%	5.75% to 6.25%
Bills payable	1.82% to 8.75%	1.81% to 5.25%
The ranges of fixed rate interest rates paid were as follow:		
Bank loan II	2.90%	2.90%
Bank loan III	3.50%	3.50%
Bank loan VII	–	3.50%

25A. Bank loans

Bank loan I is repayable in 60 monthly instalments from 20 July 2011. The fair value is a reasonable approximation of the carrying amount. The loan has been fully repaid during the year.

Bank loan II is repayable in 48 monthly instalments from 23 September 2014. The fair value is a reasonable approximation of the carrying amount.

Bank loan III is repayable in 36 monthly instalments from 12 March 2013. The loan is covered under joint and secured guarantees from one director and certain key management personnel of a subsidiary. The fair value is a reasonable approximation of the carrying amount.

Although bank loans I, II and III are for a period of 3 to 5 years from the respective dates shown above, they have been classified as "current" because the respective entities do not have an unconditional right to defer settlement of the liability for at least twelve months after end of the reporting year.

Bank loan IV is repayable in 24 quarterly instalments from 10 October 2014 and bears interest at LIBOR + 3.3% per annum. The carrying value approximates the fair value.

Bank loan V is repayable in 24 quarterly instalments from 26 September 2014 and bears interest at LIBOR + 3.3% per annum. The carrying value approximates the fair value.

Interest rate swaps were entered into for bank loans IV and V to convert floating rate loans to fixed rate loans for the next five years at 5.8% and 6.1% per year respectively (2014:5.8% to 6.1%).

Bank loans IV and V are secured by legal mortgage of the group's vessels, assignment of earnings from the charter of vessels, shares in the subsidiary and fixed deposits of $5,038,000 (2014: $4,478,000).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

25. Other financial liabilities (cont'd)

25A. Bank loans (cont'd)

Bank loan VI is repayable in 6 monthly instalments from the loan drawdown date with initial drawdown on 4 August 2014. The loan are secured by group's leasehold property at Dong Xuyen Industrial Park, Ward 10, Vungtau City, S.R. Vietnam. The fair value is a reasonable approximation of the carrying amount. The loan has been fully repaid during the year.

Bank loan VII was repayable in 36 monthly instalments from 16 November 2011. The loan was covered under joint and secured guarantees from one director and certain key management personnel of a subsidiary. The fair value is a reasonable approximation of the carrying amount. The loan has been fully repaid during the year.

In 2014, money market loans and certain bills payable are secured by legal mortgage of the group's leasehold property at 72 Loyang Way, Singapore 508762. The fair values are reasonable approximation of the carrying values.

The above bank loans except bank loans III, VI and VII and the short term borrowings (bank overdrafts, bills payables and money market loans) are covered by corporate guarantees by the company.

All the above borrowings are measured at amortised cost except for derivatives financial instruments which is measured at fair value.

26. Other non-financial liabilities

	Group	
	2015	2014
	$'000	$'000
Non-current		
Deferred gain (Note 26A)	24,072	–
Current		
Advance from customers	–	2,036
Deferred gain (Note 26A)	1,763	–
Deferred income	79	1,612
Sub-total	1,842	3,648
Total	25,914	3,648

26A. Deferred gain

	Group	
	2015	2014
	$'000	$'000
At beginning of the year	–	–
Additions	26,446	–
Credit to profit or loss included in administrative expenses	(611)	–
At end of the year	25,835	–
Presented in the statement of financial position as:		
Current	1,763	–
Non-current	24,072	–
	25,835	–

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

26. Other non-financial liabilities (cont'd)

26A. Deferred gain (cont'd)

Pursuant to a sale and purchase agreement dated 12 March 2015 between Technics Offshore Engineering Pte Ltd and DBS Trustee Limited (in its capacity as trustee of Soilbuild Business Space REIT) (the "Purchaser"), Technics Offshore Engineering Pte Ltd has agreed to sell its leasehold interest in respect of 72 Loyang Way Singapore 508762, comprising the land, building and all plant and equipment installed therein, to the Purchaser for a consideration of $97,000,000. On 27 May 2015, the sale of the property was completed and Technics Offshore Engineering Pte Ltd has leased the property from the Purchaser for 15 years commencing from 27 May 2015 at an average annual rent of $9,047,000 over the lease term. Dennis Wee Realty Pte Ltd, a firm of independent professional valuers, valued the property as at 25 February 2014 at $58,500,000 (Level 2) on the assumption that the property is sold in the open market without the benefit of any leaseback agreement. The difference between the consideration of $97,000,000 less upfront land rental payable to JTC Corporation of $12,100,000 and fair value of $58,500,000 is recognised as deferred gain and amortised over the leaseback period of 15 years (at an annual amount of $1,763,000).

Sensitivity on management's estimates - 10% variation from estimate: Impact on deferred gain balance - lower / higher by $5,850,000.

27. Trade and other payables, current

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	16,940	16,925	905	530
Other payables:				
Outside parties #c	2,184	871	1,232	800
Associates (Note 3)	4,509	3,391	300	300
Directors (Note 3) #b	2,644	–	–	–
Other related parties (Note 3) #b	3,450	1,200	–	–
Deposits received	2,454	912	–	–
Other payables #a	1,300	1,300	348	–
Subtotal	16,541	7,674	1,880	1,100
Total trade and other payables	33,481	24,599	2,785	1,630

#a Other payables relate to monies received from new shareholders of a subsidiary, intended for share capital injection.

#b Included in the above are loan payables of $2,644,000 and $3,200,000 owing to the directors and a related party which the loan agreements provide that the loans are with fixed and floating interest of 2.25% and 3.46% per annum respectively and is expected to be settled within the next 12 months.

#c Included in the above is an amount payable to Ethoz Capital Limited ("Ethoz") of $982,000. The company has given corporate guarantee in favour of an associate in relation to a loan amount of $917,000 owed by the associate to a financial institution, Ethoz. This loan is secured by a vessel, bunker tanker Laguna, owned by the associate. With the arrest of the vessel by Hin Leong Trading (Pte.) Ltd (see Note 38 (ii)), an event of default has occurred under the loan agreement terms and legal proceeding against the associate was commenced by the financial institution seeking immediate repayment of the loan amount of $966,222 and accrued interest of $33,875 in 2014. On 13 August 2015, Ethoz called on the corporate guarantee and subsequent to the reporting year on 9 October 2015, the company entered into a settlement agreement with Ethoz for $982,000, payable in seven monthly instalment payments commencing October 2015.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

28. Acquisition of subsidiaries

A) Vigahs Marine Technologies Pte Ltd

On 10 February 2014 the group acquired 74% of the share capital of Vigahs Marine Technologies Pte Ltd (incorporated in Singapore) and from that date the group gained control. It became a subsidiary (See Note 13 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

Management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets and liabilities at date of acquisition based on report from an independent professional valuer.

The net assets acquired and the related fair values are as follows:

	Pre-acquisition book value under FRS	At fair value
	$'000	$'000
Group		
Customer lists	–	2,855
Property, plant and equipment	653	653
Trade and other receivables	3,778	3,778
Cash and cash equivalents	1,168	1,168
Income tax payable	(284)	(284)
Trade and other payables	(454)	(454)
Finance lease	(8)	(8)
Other financial liabilities	(294)	(294)
Deferred tax liabilities	(39)	(517)
Net assets	4,520	6,897

Effect on cash flow of the group are as follows:

	2014
	$'000
Cash paid	5,106
Less cash taken over	(1,168)
Net cash outflow on acquisition	3,938

The goodwill arising on acquisition is as follows:

	2014
	$'000
Consideration transferred	5,106
Non-controlling interests at fair value	1,791
Fair value of identifiable net assets acquired	(6,897)
Goodwill arising on acquisition	–

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

28. Acquisition of subsidiaries (cont'd)

A) Vigahs Marine Technologies Pte Ltd (cont'd)

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2014	For the year 2014
	$'000	$'000
Revenue	6,094	8,242
Profit before tax	1,830	2,264

B) Rigging & Marine Services Pte Ltd and Marinelift Testing & Supply Pte Ltd

On 11 August 2014 the group acquired 80% of the share capital of Rigging & Marine Services Pte Ltd (incorporated in Singapore) and Marinelift Testing & Supply Pte Ltd (incorporated in Singapore) and subsequently subsell 10% to a third party, resulting in a net acquisition of 70%. The group gained control and they became subsidiaries (See Note 13 for the principal activities). The transaction was accounted for by the acquisition method of accounting.

The sale and purchase agreement provides that the vendors undertake not to directly or indirectly sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of or agree to sell any of the consideration shares to any third party for a period of 6 months from the sale and purchase completion date. The consideration shares shall be deposited with the share registrar and shall be placed under moratorium for 6 months from the sale and purchase completion date. The fair value of the purchase consideration, taking into account effects of restriction on the moratorium shares, is as follows:

	2014
	$'000
Consideration transferred:	
Cash	2,880
10,464,269 shares issued at fair value of $0.774 each #a	8,099
Reissuance of 3,500,000 treasury shares at fair value of $0.774 each #a	2,709
Total consideration transferred	13,688

#a The estimate of the fair value of each share issued is based on the Longstaff option pricing model (Level 3). The model calculates the maximum percentage discount on the issue share price for the absence of illiquidity and takes into consideration factors like the length of time that the share is under moratorium and the expected volatility of the company's share price. Expected volatility is determined by calculating the historical volatility of the company's share price over the previous 6 months and is estimated at 19.65%. The maximum percentage discount applied for 6 months illiquidity is 7.35%.

Management has finalised the purchase price allocation exercise and identified the fair value of the identifiable assets and liabilities at date of acquisition based on report from an independent professional valuer.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

28. Acquisition of subsidiaries (cont'd)

B) Rigging & Marine Services Pte Ltd and Marinelift Testing & Supply Pte Ltd (cont'd)

The net assets acquired at cost and the related fair values are as follows:

	Pre-acquisition book value under FRS			
	Rigging & Marine Services Pte Ltd	Marinelift Testing & Supply Pte Ltd	Total	At fair value
	$'000	$'000	$'000	$'000
Group				
Customer lists	–	–	–	2,978
Property, plant and equipment	1,840	316	2,156	2,156
Inventories	88	–	88	88
Trade and other receivables	13,779	2,674	16,453	16,453
Other assets	7	–	7	7
Cash and cash equivalents	2,829	186	3,015	3,015
Income tax payable	(578)	(118)	(696)	(696)
Trade and other payables	(3,432)	(15)	(3,447)	(3,447)
Finance lease	(295)	–	(295)	(295)
Deferred tax liabilities	(156)	(43)	(199)	(705)
Net assets	14,082	3,000	17,082	19,554

Effect on cash flow of the group are as follows:

	2014
	$'000
Cash paid	2,880
Less cash taken over	(3,015)
Net cash inflow on acquisition	(135)

The goodwill arising on acquisition is as follows:

	2014
	$'000
Consideration transferred	13,688
Non-controlling interests at fair value	5,866
Fair value of identifiable net assets acquired	(19,554)
Goodwill arising on acquisition	–

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

28. Acquisition of subsidiaries (cont'd)

B) Rigging & Marine Services Pte Ltd and Marinelift Testing & Supply Pte Ltd (cont'd)

The contributions from the acquired subsidiary for the period between the date of acquisition and the end of the reporting year were as follows:

	Group	
	From date of acquisition in 2014	For the year 2014
	$'000	$'000
Revenue	2,236	13,315
Profit before tax	702	4,725

29. Disposal of subsidiary

Vina Offshore Engineering Co., Ltd

On 9 February 2015, the subsidiary, Technics Offshore Engineering Pte Ltd ("TOEPL") entered into a sale and purchase agreement with Y.H.H. Marine Engineering Pte. Ltd. in relation to the disposal of 100% of the entire capital contribution of Vina Offshore Engineering Co., Ltd. ("VOECL").

The Group is deemed to have lost control of VOECL due to the resignation of TOEPL's directors from VOECL and the handover of control to the new board of directors in VOECL on 1 April 2015. Per the sale and purchase agreement, the completion of the sale is conditional upon the completion of a tax audit on VOECL's audited accounts up to 30 September 2014 by the local tax authority. The sale was taken as completed on 22 June 2015 pursuant to a letter of undertaking by TOEPL to indemnify the purchaser from any additional liabilities arising from the tax audit over and above amounts provided for in VOECL's accounts as at 30 September 2014. Any such additional liabilities arising will be deducted against the sale consideration balance receivable of $2.7 million disclosed below.

	Group	
	Period ended 31 March 2015	Year ended 2014
	$'000	$'000
Revenue	3,603	9,803
Cost of sales	(2,773)	(7,323)
Gross profit	830	2,480
Interest income	10	1
Other gains	24	–
Marketing and distribution costs	(35)	(97)
Administrative expenses	(942)	(1,705)
Finance costs	(21)	(91)
(Loss) Profit before taxation	(134)	588
Income tax	(7)	(168)
(Loss) Profit after taxation	(141)	420

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

29. Disposal of subsidiary (cont'd)

The following table summarises the carrying value assets and liabilities of Vina Offshore Engineering Co., Ltd on 1 April 2015.

	Group	
	Date of disposal in 2015	At end of last year 2014
	$'000	$'000
Property, plant and equipment	5,927	5,839
Trade and other receivables	3,157	5,423
Inventories	1,298	1,256
Other assets	3,828	–
Cash and cash equivalents	60	117
Trade and other payables	(2,620)	(2,944)
Deferred and current tax liabilities	(79)	(77)
Other liabilities	(1,162)	(950)
Financial liabilities	(2,150)	(704)
Net assets disposed of	8,259	
Gain on disposal	2,172	
Expenses paid for disposal	569	
Total consideration	11,000	

	Group
	Date of disposal in 2015
	$'000
Satisfied by:	
Cash consideration	8,300
Consideration receivable	2,700
Total consideration	11,000
Net cash inflow on disposal:	
Cash consideration	11,000
Expenses paid for disposal	(569)
Deferred payment	(2,131)
Cash balance disposed of	(60)
Net cash inflow	8,240

30. Derivatives financial instruments

	Group	
	2015	2014
	$'000	$'000
Liabilities – Contracts with negative fair values:		
Derivatives designated as hedging instruments:		
Cash flow hedges – Interest rate swaps (30A)	2,094	1,255
Total at end of the year	2,094	1,255
Non-current portion (Note 25)	1,391	525
Current portion (Note 25)	703	730
	2,094	1,255

30A. Interest rate swaps

The total notional amount of the interest rate swaps was $36,552,000 (2014: $35,100,000). They are designed to convert floating rate borrowings to fixed rate exposure for the next five years at 5.8% and 6.1% per year (2014:5.8% to 6.1%).

The fair value (Level 2) of interest rate swaps is measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The fair value (Level 2) of interest rate swaps is measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The derivative financial instruments relate to the cumulative fair value change of hedging instruments designed and effective as cash flow hedges. The following are the expected contractual undiscounted cash outflows associated with financial derivatives:

	Cash Flows			
	Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000
2015:				
Interest rate swaps used for hedging:				
At end of the year	36,552	2,812	33,740	–
2014:				
Interest rate swaps used for hedging:				
At end of the year	35,100	2,508	10,030	22,562

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The group will settle the difference between the fixed and floating interest rates on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks

31A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	23,390	8,677	25	12
Loans and receivables	56,418	55,301	37,276	54,746
At end of the year	79,808	63,978	37,301	54,758
Financial liabilities:				
Other financial liabilities measured at amortised cost	41,998	95,907	–	–
Derivative financial instruments at fair value	2,094	1,255	–	–
Trade and other payables at amortised cost	32,181	31,539	2,785	1,630
At end of the year	76,273	128,701	2,785	1,630

Further quantitative disclosures are included throughout these financial statements.

31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.

There has been no change to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

With regard to derivatives, the policies include the followings:

1. The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.
2. Ineffectiveness is recognised in profit or loss as soon as it arises.
3. Effectiveness is assessed at the inception of the hedge and at each end of reporting year ensuring that FRS39 criteria are met.
4. Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

31D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings.

For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss.

The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 20 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2014: 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
31 to 60 days	2,687	2,607	74	18
61 to 90 days	1,564	3,908	–	–
91 to 180 days	4,165	3,821	83	43
Over 180 days	11,710	6,636	143	67
Total	20,126	16,972	300	128

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31D. Credit risk on financial assets (cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables:				
Over 180 days	1,987	67	–	–

Other receivables are normally with no fixed terms and therefore there is no maturity.

As at the end of reporting year, finance lease receivables are not past due.

Concentration of trade and finance lease receivable customers as at the end of reporting year:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Top 1 customer	7,945	5,824	–	–
Top 2 customers	10,596	9,034	–	–
Top 3 customers	12,997	11,325	–	–

31E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Non-derivative financial liabilities:				
2015:				
Gross borrowings commitments	9,464	40,516	–	49,980
Gross finance lease obligations	343	795	–	1,138
Trade and other payables	33,481	–	–	33,481
At end of the year	43,288	41,311	–	84,599
2014:				
Gross borrowings commitments	65,231	16,667	23,849	105,747
Gross finance lease obligations	171	331	10	512
Trade and other payables	24,599	8,240	–	32,839
At end of the year	90,001	25,238	23,859	139,098

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Non-derivative financial liabilities:				
2015:				
Trade and other payables	2,785	–	–	2,785
At end of the year	2,785	–	–	2,785
2014:				
Trade and other payables	1,630	–	–	1,630
At end of the year	1,630	–	–	1,630

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Derivative financial liabilities:				
2015:				
Net settled:				
Interest rate swaps	703	1,391	–	2,094
At end of the year	703	1,391	–	2,094
2014:				
Net settled:				
Interest rate swaps	730	728	(203)	1,255
At end of the year	730	728	(203)	1,255

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee can be claimed by the other party is used. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2015:				
Company				
Financial guarantee contracts – bank guarantee in favour of subsidiaries	8,604	35,325	–	43,929
Group and company				
Financial guarantee contracts – bank guarantee in favour of associates	3,881	362	–	4,243
	12,485	35,687	–	48,172

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year	2 – 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
2014:				
Company				
Financial guarantee contracts – bank guarantee in favour of subsidiaries	65,262	12,515	22,562	100,339
Group and company				
Financial guarantee contracts – bank guarantee in favour of associates	7,527	768	–	8,295
	72,789	13,283	22,562	108,634

The company has undertaken to provide continued financial support to its subsidiaries with net capital deficits. The extent of the exposure is not determinable.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 90 days (2014: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Group	
	2015	2014
	$'000	$'000
Bank facilities:		
Undrawn borrowing facilities	23,277	14,759

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

31F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2015	2014
	$'000	$'000
Financial liabilities:		
Fixed rate	7,471	8,836
Floating rate	42,465	96,566
Total at end of the year	49,936	105,402

The floating rate debt instruments are with interest rates that are re-set regularly at one, two, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

Group:	United States dollar	Euro	Australian dollar	Singapore dollar	Total
	$'000	$'000	$'000	$'000	$'000
2015:					
Financial assets:					
Cash	3,162	7	–	355	3,524
Loan and other receivables	11,106	–	–	–	11,106
Total financial assets	14,268	7	–	355	14,630
Financial liabilities:					
Borrowings	1,704	–	–	–	1,704
Trade and other payables	1,929	11	–	1,121	3,061
Total financial liabilities	3,633	11	–	1,121	4,765
Net financial (liabilities)/ assets at end of the year	10,635	(4)	–	(766)	9,865
2014:					
Financial assets:					
Cash	688	9	–	296	993
Loan and other receivables	11,413	46	20	–	11,479
Total financial assets	12,101	55	20	296	12,472
Financial liabilities:					
Borrowings	10,207	–	–	–	10,207
Trade and other payables	5,382	6	–	456	5,844
Total financial liabilities	15,589	6	–	456	16,051
Net financial (liabilities)/ assets at end of the year	(3,488)	49	20	(160)	(3,579)

Company:	United States dollar	Total
	$'000	$'000
Financial assets:		
2015:		
Cash	1	1
At end of the year	1	1
2014:		
Cash	1	1
At end of the year	1	1

There is exposure to foreign currency risk as part of its normal business.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

31. Financial instruments: information on financial risks (cont'd)

31G. Foreign currency risks (cont'd)

Sensitivity analysis:

	Group	
	2015	2014
	$'000	$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an (adverse) favourable effect on pre-tax profit of	(967)	317
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against all other currencies with all other variables held constant would have a favourable effect on pre-tax profit of	70	9

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at the end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

32. Items in profit or loss

In addition to the gains and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2015	2014
	$'000	$'000
Audit fees to the independent auditors of the company	275	242
Audit fees to the other independent auditors	65	39
Other fees to the independent auditors of the company	18	34
Other fees to the other independent auditors	–	10

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

33. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2015	2014
	$'000	$'000
Commitments for the purchase of property, plant and equipment	3,708	750
Commitments to construct plant and equipment	6,835	10,187

34. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not later than one year	8,478	1,846	–	–
Later than one year and not later than five years	33,020	4,626	–	–
Later than five years	92,411	15,824	–	–
Rental expense for the year	4,296	1,920	–	–

Operating lease payments represent rentals payable by subsidiaries for their offices, factory properties and jetty.

a) The lease from PT. Sekupang Makmur Abadi (Indonesia) is for a period of 9 years and 11 months from 12 July 2006, ending on 11 June 2016 with the option to extend for another 10 years.

b) The lease for certain of office premise of a subsidiary is for a period of 6 years from 21 January 2014 ending on 20 January 2020.

c) The lease from Soilbuild Business Space REIT is for the period of 15 years from 27 May 2015. The lease rental terms are subject to an escalation clause of 2.2% per annum.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

35. Operating lease income commitments – as lessor

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not later than one year	4,749	11,967	–	–
Later than one year and not later than five years	11,989	2,390	–	–
Later than five years	1,072	–	–	–
Rental income for the year	13,040	3,825	–	–

Operating lease income commitments are for certain office premises, vessels and equipments.

a) The lease from a vessel is for a period of 1 year and 9 days ending on 9 October 2015.

b) The lease from a vessel is for a period of 14 months ending on 2 December 2015.

c) The lease from gas compressors are for a period of 1 year 1 month to 5 years with commencement dates ranging from 1 November 2014 to 1 March 2016 and expiry dates ranging from 31 October 2016 to 28 February 2021.

36. Financial information by operating segments

36A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the group is organised into the following major operating segments that offer different products and services: (1) Engineering, procurement, construction and commissioning, (2) Contract engineering and (3) Procurement services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

Two or more operating segments may be aggregated into a single operating segment if in the judgement of management the segments have similar economic characteristics, and the segments are similar in some aspects such as the nature of the products and services; production processes; type or class of customer; distribution methods.

The segments and the types of products and services are as follows:

(a) Engineering, procurement, construction and commissioning ("EPCC") segment is the major business of the group and it is project based. This involves the design, procurement, fabrication, installation and commissioning of process modules and equipment for oil and gas production on a turnkey projects basis. These process modules and equipment form the operating system of the production and storage facility for oil and gas.

(b) Contract engineering ("CE") segment includes designing, procurement and fabrication of modules, systems or equipment for the oil and gas industry.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

36. Financial information by operating segments

36A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

(c) Procurement services ("PS") segment provides after-sales services and supply spare parts and equipment for oil and gas exploration and production. PS Segment also provides repair and maintenance services to oil and gas industry on top of the equipment leasing business.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is the major financial indicators: earnings from operations before depreciation, amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before interests and income taxes and other unallocated items (called "ORBIT").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities. The information on each product and service, or each group of similar products and services is not available and the cost to develop it would be excessive.

36B. Profit or loss from continuing operations and reconciliations

	2015					2014				
	EPCC	CE	PS	Unallocated	Total	EPCC	CE	PS	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	11,787	19,605	42,792	–	74,184	13,713	33,206	22,327	–	69,246
Recurring EBITDA	1,072	1,454	6,146	–	8,672	1,503	3,146	3,456	–	8,105
Depreciation	(800)	(1,317)	(5,289)	–	(7,406)	(1,520)	(3,606)	–	–	(5,126)
OPBIT	272	137	857	–	1,266	(17)	(460)	3,456	–	2,979
Interest income	–	–	–	61	61	–	–	–	41	41
Finance costs	–	–	(2,145)	(2,434)	(4,579)	–	–	(408)	(1,380)	(1,788)
Other gains	–	–	–	33,021	33,021	–	–	–	2,054	2,054
Other losses	–	(8,822)	(11,398)	(4,062)	(24,282)	–	–	–	(5,198)	(5,198)
Share of loss of associates	–	–	–	(4,843)	(4,843)	–	–	–	(4,153)	(4,153)
Profit (loss) before tax	272	(8,685)	(12,686)	21,743	644	(17)	(460)	3,048	(8,636)	(6,065)
Income tax (income) expense	–	–	–	497	497	–	–	–	(878)	(878)
Profit (loss) from operations	272	(8,685)	(12,686)	22,240	1,141	(17)	(460)	3,048	(9,514)	(6,943)

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

36. Financial information by operating segments (cont'd)

36C. Assets and reconciliations

	2015				2014			
	EPCC	CE	PS	Total	EPCC	CE	PS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total assets for reportable segment	8,748	1,542	80,262	90,552	5,103	6,581	85,843	97,527
Unallocated:								
Property, plant and equipment				27,001				63,051
Investments in associates				598				5,227
Cash and cash equivalents				23,390				8,677
Inventories				2,168				4,711
Balance on construction contract costs				8,629				14,942
Other non-financial assets				1,102				1,489
Finance lease receivables				2,589				3,210
Other unallocated amounts				21,129				13,183
Total group assets				177,158				212,017

36D. Liabilities and reconciliations

	2015				2014			
	EPCC	CE	PS	Total	EPCC	CE	PS	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Total liabilities for reportable segment	2,237	4,022	42,792	49,051	2,725	7,230	39,141	49,096
Unallocated:								
Deferred and current tax liabilities				2,757				4,353
Borrowings				5,446				60,807
Due to customers on construction contracts				2,886				1,474
Other non-financial liabilities				25,914				3,648
Other unallocated amounts				23,076				20,098
Total group liabilities				109,130				139,476

36E. Other material items

	2015	2014
	$'000	$'000
Unallocated capital expenditure	7,913	23,334
Unallocated non-cash expenses other than depreciation/amortisation	16,548	6,977

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

36. Financial information by operating segments (cont'd)

36F. Geographical information

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
	$'000	$'000	$'000	$'000
Singapore	34,740	18,730	28,549	50,895
Asean Ex Singapore	21,840	13,015	19,050	20,326
Other	17,604	62,335	21,647	72,953
	74,184	94,080	69,246	144,174

Revenues are attributed to countries on the basis of the customer's location. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude certain financial instruments, deferred tax assets.

"Other" comprises Australia, The People's Republic of China, Germany, Taiwan, United Kingdom, Sultanate of Oman and USA.

36G. Information about major customers

	2015	2014
	$'000	$'000
Top 1 customer	10,734	5,789
Top 2 customers	17,135	10,455
Top 3 customers	21,967	14,112

37. Events after the end of the reporting year

In April 2015, Group's subsidiary, Technics Steel Pte Ltd ("TNST") proposed to purchase the property at 70 Loyang Way for a consideration of $3.7 million. The acquisition is funded by internal funds and bank borrowings, and has been completed in October 2015.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

38. Contingent liability

(i) Financial guarantees

	Total $'000
2015	
Company:	
Financial guarantee contracts – bank guarantee in favour of subsidiaries	43,929
Group and company:	
Financial guarantee contracts – bank guarantee in favour of associates	4,232
	48,161
2014	
Company:	
Financial guarantee contracts – bank guarantee in favour of subsidiaries	100,339
Group and company:	
Financial guarantee contracts – bank guarantee in favour of associates	8,295
	108,634

(ii) On 11 November 2014, an oil trader Hin Leong Trading (Pte.) Ltd ("Hin Leong") arrested the Bunker tanker Laguna, a vessel owned by the associate, Norr Systems Pte. Ltd. ("NSPL") for a cargo of bunkers allegedly to be delivered to OW Bunker, allegedly worth US$1,300,000. The vessel was time chartered to third party oil trader, Russley Overseas Traders Pte Ltd "Russley"). OW Bunker has filed for bankruptcy on 6 November 2014. Hin Leong demanded the return of the bunker but most of the bunker had already been discharged to customers. The vessel was arrested and sold and the proceeds were paid to the Court and allocated to settle the Sheriff expenses and part of claimant cost. Accordingly the management is of the view that the associate has no further exposure on this claim.

In addition, certain suppliers who allegedly also supplied bunker to or on the instructions of OW Bunker using the vessel Laguna claimed for the return of their bunker. There are no formal legal proceedings against NSPL from these parties. Accordingly, no provision has been made.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

39. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
FRS 112	Disclosure of Interests in Other Entities
Various	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement

40. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2015

41. Other matters

As disclosed in note 14, the Company has equity interests in associates, Norr Group Offshore Limited ("NOGL") and two of its subsidiaries, Norr System Pte Ltd ("NSPL") and Norr System Hydraulics Pte Ltd. ("NSHPL"), whose financial statements were audited by auditors other than RSM Chio Lim LLP.

(i) The independent auditors of NOGL has issued an adverse audit opinion on the special purpose financial information of NOGL for the financial year ended 30 September 2015 which have been prepared for the purpose of the preparation of the Group's consolidated financial statements, as follows:

"Basis for Adverse Opinion for NOGL

The special purpose financial information has been prepared on a going concern basis by management. As at September 30, 2015, the Company's current liabilities exceeded its current assets by S$1,883,993 and the Company has incurred a net loss of S$6,265,329 during the year ended September 30, 2015.These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. In addition, we understand that management has plans to liquidate the Company. Consequently, the use of the going concern assumption to prepare the special purpose financial information is not appropriate.

As at date of this report, no assessment of impairment was performed by the management for the Company's cost of investments in subsidiaries amounting to S$10,638,298 as this will be eliminated on consolidation. We have not been able to perform any work in respect of this matter."

(ii) The independent auditors of NSHPL has issued an adverse audit opinion on the special purpose financial information of NSHPL for the financial year ended 30 September 2015 which have been prepared for the purpose of the preparation of the Group's consolidated financial statements, as follows:

"Basis for Qualified Opinion for NSHPL

The Company's work in progress inventory as at September 30, 2015 of S$12,580,661 constitutes actual cost incurred of S$14,268,406 less provision for net realisable value ("NRV") of S$1,687,725 for a project with an original contract sum of S$21,104,800 (US$17,020,000). Subsequent to the end of the reporting period, this project was terminated with the contract customer due to the customer's inability to continue with the project. We understand from management that the Company plans to resell the completed project at a 20% reduction from the original contract sum to another third party who has issued a letter of interest to enquire on the offer based on the reduced contract sum of S$16,238,101 (US$13,616,000). On that basis, the Company recorded a provision for net realisable value of S$1,687,725 for cost incurred that is not expected to be recovered and a provision for foreseeable loss of S$490,654 for expected future losses arising from the reduction in the contract sum. Subsequent to the recording of the mentioned provision, the Company entered into a sales contract with the third party for a contract sum of S$14,297,000 (US$10,000,000), subject to satisfaction of certain terms and conditions. Arising from this, there is a [further] shortfall in the provision for net realisable value by S$1,503,891 and provision for [further] foreseeable losses by S$437,210 which have not been adjusted in the accompanying special purpose financial information by the Company as at the date of this report."

(iii) The auditors' report of associate, Norr Systems Pte. Ltd. ("NSPL") was not subject to any audit qualification, but it includes an emphasis of matter on the uncertainty of its ability to operate as a going concern.

SHAREHOLDINGS STATISTICS

AS AT 31 DECEMBER 2015

Share Capital

Number of Issued Shares	:	234,989,975
Number of Issued Shares (excluding treasury shares)	:	228,717,675
Class of shares	:	Ordinary Shares
Voting rights	:	1 vote per share

As at 31 December 2015, the total number of ordinary shares held in treasury is 6,272,300. The percentage of such holding against the total number of issued ordinary shares (excluding treasury shares) is 2.74%.

Distribution of shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	397	18.33	2,610	0.00
100 – 1,000	119	5.49	95,157	0.04
1,001 – 10,000	976	45.06	6,523,720	2.88
10,001 – 1,000,000	651	30.06	39,870,238	15.71
1,000,001 AND ABOVE	23	1.06	182,228,950	81.37
	2,166	100.00	228,717,675	100.00

Shareholding held by the public

Based on the information available to the Company as at 31 December 2015, approximately 40.83% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Twenty Largest Shareholders

No.	Name	No. of shares	%
1	MAYBANK KIM ENG SECURITIES PTE. LTD.	50,504,510	22.08
2	HONG LEONG FINANCE NOMINEES PTE LTD	20,207,000	8.83
3	SBS NOMINEES PRIVATE LIMITED	19,128,000	8.36
4	LEE TOCK KIAU	18,324,069	8.01
5	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	15,456,000	6.76
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,567,600	3.31
7	CITIBANK NOMINEES SINGAPORE PTE LTD	6,503,287	2.84
8	RHB SECURITIES SINGAPORE PTE. LTD.	6,372,000	2.79
9	OCBC SECURITIES PRIVATE LIMITED	5,026,490	2.20
10	WANG YUEH LAI	5,000,000	2.19
11	TING YEW SUE	4,647,162	2.03
12	RAFFLES NOMINEES (PTE) LIMITED	3,787,500	1.66
13	ABN AMRO NOMINEES SINGAPORE PTE LTD	2,792,100	1.22
14	KGI FRASER SECURITIES PTE. LTD.	2,670,010	1.17
15	TAN YEW HIN	2,110,200	0.92
16	NG ENG TIONG	2,000,000	0.87
17	HUANG CHOONG SHIN	1,936,000	0.85
18	TING TIONG CHING (CHEN ZHONGQING)	1,660,000	0.73
19	TAN CHIN HOCK	1,581,500	0.69
20	TAN SEOW KHIM	1,364,000	0.60
		178,637,428	78.99

SHAREHOLDINGS STATISTICS

AS AT 31 DECEMBER 2015

Substantial shareholders

No.	Name of Shareholders	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total	% *
1.	Ting Yew Sue	33,141,662	–	33,141,662	14.49
2.	Ting Tiong Ching	14,128,000	–	14,128,000	6.18
3.	Eversendai Corporation Berhad	44,877,200	–	44,877,200	19.62
4.	Tan Sri Nathan Elumalay	–	44,877,200[1]	44,877,200	19.62
5.	Lee Tock Kiau	18,324,069	–	18,324,069	8.01
6.	Tay Mian Cheo	8,069,012	5,000,000[2]	13,069,012	5.71

Note:

(1) Tan Sri Nathan Elumalay holds 71.76% shares in Eversendai Corporation Berhad ("Eversendai") and therefore deemed to be interested in the shares held by Eversendai.

(2) Mr Tay Mian Cheo's deemed interest of 5,000,000 shares arises from 5,000,000 shares held in the name of his spouse, Mdm Wang Yueh Lai.

* Percentage is calculated based on the total number of issued shares, excluding treasury shares of the Company.

SHAREHOLDINGS STATISTICS

AS AT 31 DECEMBER 2015

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	1	0.10	30	0.00
100 – 1,000	102	10.66	96,252	0.11
1,001 – 10,000	490	51.20	2,866,250	3.19
10,001 – 1,000,000	351	36.68	23,133,704	25.76
1,000,001 AND ABOVE	13	1.36	63,708,846	70.94
	957	100.00	89,805,082	100.00

Twenty Largest Warrantholders

No.	Name	No. of shares	%
1	MAYBANK KIM ENG SECURITIES PTE. LTD.	20,972,400	23.35
2	TING YEW SUE	12,251,464	13.64
3	TING TIONG CHING (CHEN ZHONGQING)	5,651,200	6.29
4	KELVIN TING TIONG CHAU (KELVIN CHEN ZHONGZHAO)	4,558,800	5.08
5	CITIBANK NOMINEES SINGAPORE PTE LTD	4,348,652	4.84
6	TAN YEW HIN	4,028,000	4.49
7	JAMES YEO CHOON JIENG OR LOW KIM LIAN MARIA	2,187,000	2.44
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,151,000	2.40
9	WANG YUEH LAI	2,000,000	2.23
10	OCBC SECURITIES PRIVATE LIMITED	1,806,800	2.01
11	GOH LIK SAN	1,295,530	1.44
12	BANK OF SINGAPORE NOMINEES PTE. LTD.	1,258,000	1.40
13	SBS NOMINEES PTE LTD	1,200,000	1.34
14	SHIE YONG FAH	892,000	0.99
15	PHILLIP SECURITIES PTE LTD	790,400	0.88
16	LEE TOCK KIAU	700,000	0.78
17	LEOW BENG LEE (LIAO MINGLI)	558,300	0.62
18	CIMB SECURITIES (SINGAPORE) PTE. LTD.	555,500	0.59
19	YIM WING CHEONG	525,000	0.58
20	NG CHWEE GUAN	511,000	0.57
		68,241,046	75.99

ADDENDUM

ADDENDUM DATED 12 JANUARY 2016

This Addendum is circulated to shareholders of Technics Oil & Gas Limited (the "Company") together with the Company's annual report. Its purpose is to provide shareholders with the relevant information relating to, and seek shareholders' approval to renew the Share Buy Back Mandate to be tabled at the Annual General Meeting to be held on Friday, 29 January 2016 at 10.30 a.m., at 72 Loyang Way, Singapore 508762.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made or opinions expressed or report contained in the Addendum.

TECHNICS OIL & GAS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200205249E)

Addendum

in relation to

(A) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

(B) THE PROPOSED CHANGE OF AUDITORS

ADDENDUM

TECHNICS OIL & GAS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200205249E)

Directors	*Registered Office*
Ting Yew Sue, Executive Chairman Ting Tiong Ching, Executive Director and Group Managing Director Tay Mian Cheo, Executive Director Tan Kia Teck Thomas, Executive Director Ong Siew Peng, Lead Independent Director Dr Liew Jat Yuen Richard, Independent Director Tan Liam Beng, Independent Director	8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 12 January 2016

To: The Shareholders of Technics Oil & Gas Limited

Dear Sir/Madam

(A) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

(B) THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

1.1 Reference is made to the notice of annual general meeting ("***AGM***") dated 12 January 2016 ("***Notice of AGM***") of Technics Oil & Gas Limited ("***Company***") convening the AGM of the shareholders of the Company ("***Shareholders***") to be held on 29 January 2016 (the "***2016 AGM***").

1.2 The purpose of this Addendum is to provide Shareholders with relevant information relating to and to explain the rationale for the proposed renewal of the Share Buy Back Mandate (as defined below) and the Proposed Change of Auditors (as defined below) to be tabled at the 2016 AGM.

1.3 The Singapore Exchange Securities Trading Limited ("***SGX-ST***") assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Addendum. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 ***Background***

The proposed Resolution 8 in the Notice of AGM relates to the renewal of a general share buy back mandate ("***Share Buy Back Mandate***"), to authorise the directors of the Company ("***Directors***") to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("***Shares***") on the terms of the Share Buy Back Mandate. The current Share Buy Back Mandate, which was last renewed at the AGM held on 30 January 2015 will expire on 29 January 2016, being the date of the 2016 AGM. Accordingly, the Directors proposed that the Share Buy Back Mandate be renewed at the 2016 AGM.

ADDENDUM

2.2 Authority and Limits of the Share Buy Back Mandate

The Share Buy Back Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through market purchases ("***Market Purchases***") or off-market purchases on an equal access scheme ("***Off-Market Purchases***") as defined in Section 76C of the Companies Act, Chapter 50 (the "***Act***") of up to a maximum of ten (10) per cent. of the issued share capital of the Company as at the date of the 2016 AGM at which the Share Buy Back Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of issued share capital above, any Shares which are held as treasury shares ("***Treasury Shares***") will be disregarded.

For illustrative purposes only, based on the number of issued Shares as at 31 December 2015, being the latest practicable date prior to the printing of this Addendum ("***Latest Practicable Date***") of 228,717,675 Shares (excluding 6,272,300 Treasury Shares), and assuming that no further Shares are issued or purchased and kept as Treasury Shares on or prior to the 2016 AGM, no more than 22,871,767 Shares representing 10% of the issued Shares (excluding Treasury Shares) as at the date of the AGM may be bought by the Company pursuant to the Share Buy Back Mandate.

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price (as defined hereinafter),

(the "***Maximum Price***") in either case, excluding related expenses of the purchase.

For the above purposes, (i) "***Average Closing Price***" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; (ii) "***day of making of the offer***" means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

If renewed, the Share Buy Back Mandate will take effect from the date of the 2016 AGM and continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier, unless prior thereto, share purchases are carried out to the full extent mandated or the Share Buy Back Mandate is revoked or varied by the Company in a general meeting.

2.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

(a) Market Purchase, transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) Off-Market Purchase (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined under Section 76C of the Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the rules of the listing manual of the SGX-ST ("***Listing Manual***").

ADDENDUM

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded:

   (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

   (bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

   (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share buy back;

(d) the consequences, if any, of Share buy back by the Company that will arise under the Singapore Code on Take-overs and Mergers ("***Take-over Code***") or other applicable take-over rules;

(e) whether the Share buy back, if made, would have any effect on the listing of the Shares on the Official List of SGX-ST;

(f) details of any Share buy back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled and/or kept as treasury shares.

2.4 Rationale

The Share Buy Back Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit. The Directors believe that the Share Buy Back Mandate provides the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the earnings per share ("***EPS***") of the Company, and will only be made when the Directors believe that such buy back would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Company.

ADDENDUM

2.5 Source of Funds for Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore. The Company may not buy Shares on the Official List of the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Act, the Company is solvent if at the date of payment:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if -

(i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

When Shares are purchased or acquired, and cancelled:

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (the "***Purchase Price***") out of the capital of the Company;

(b) if the Shares are purchased or acquired entirely out of the profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price out of the profits of the Company; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price out of both the capital and profits of the Company.

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Company and its subsidiaries (the "***Group***") would be materially adversely affected.

2.6 Status of Purchased Shares

2.6.1 *Cancellation*

Any Share which is purchased or acquired by the Company shall, unless held as Treasury Shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

ADDENDUM

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.6.2 **Treasury Shares**

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Act are summarised below:

(i) Maximum Holdings

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares ("***Treasury Shares Limit***").

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a greater or smaller amount is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:

(aa) sell the Treasury Shares for cash;

(bb) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;

(cc) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(dd) cancel the Treasury Shares; or

(ee) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

In respect of Shares that are purchased pursuant to the Share Buy Back Mandate, the Directors intend for such Shares to be held as Treasury Shares.

As at the Latest Practicable Date, the Company has 6,272,300 Treasury Shares representing approximately 2.74% of the total number of its issued Shares as at the Latest Practicable Date. Where Shares purchased pursuant to the Share Buy Back Mandate are held as Treasury Shares, the number of such Shares to be held as Treasury Shares, when aggregated with the existing Treasury Shares held, shall not, subject to the Act, exceed the Treasury Shares Limit at any time.

ADDENDUM

2.7 Financial Impact

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for the financial year ended 30 September 2015 ("FY2015") and are not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back 10% of the issued Shares in full.

2.7.1 ***Financial Effects of the Share Buy Back Mandate***

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits and/or capital, and whether the Shares purchased are held in treasury or cancelled. The purchase price paid by the Company for the Shares (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or net tangible assets ("NTA") value per Share of the Group. The financial effects presented below are based on the following assumptions:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 228,717,675 issued Shares (excluding Treasury Shares).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 228,717,675 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares on or prior to the 2016 AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase of 22,871,767 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 22,871,767 Shares at the Maximum Price of S$0.667 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Official List of the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 22,871,767 Shares is approximately S$15.25 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 22,871,767 Shares at the Maximum Price of S$0.762 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive market days on which the Shares were traded on the Official List of SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 22,871,767 Shares is approximately S$17.43 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

(i) the Share Buy Back Mandate had been effective on 1 October 2014; and

(ii) such Share purchases are funded solely by internal resources,

ADDENDUM

the financial effects on the audited consolidated financial results of the Group for FY2015 are set out below:

	Group			
	Market Purchase		Off-Market Purchase	
	Before	After	Before	After
As at 30 September 2015	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Shareholders' Funds	66,055	50,800	66,055	48,627
Net Tangible Assets	61,909	46,654	61,909	44,481
Current Assets	83,078	67,823	83,078	65,650
Current Liabilities	48,302	48,302	48,302	48,302
Working Capital	34,776	19,521	34,776	21,169
Net Debt	20,702	4,669	20,702	2,359
Number of Shares ('000)	230,195	207,323	230,195	207,323
Financial Ratios				
NTA per Share (S$)	0.29	0.23	0.29	0.21
Gearing (times)	0.33	0.10	0.33	0.05
Current Ratio (times)	1.72	1.40	1.72	1.36
Basic per Share (cents)	0.46	0.52	0.46	0.52

Notes:

(1) The disclosed financial effects remain the same irrespective of whether:

(a) the purchase of the Shares is effected out of capital or profits; or

(b) the purchased Shares are held in treasury or are cancelled.

(2) Assuming that the purchase of the Shares was fully financed by internal sources of funds.

(3) NTA equals to Shareholders' Funds less minority interests and intangible assets.

(4) Current ratio means current assets divided by current liabilities.

(5) Net debt means long-term and short-term liabilities and finance lease less cash and cash equivalents.

As illustrated in the foregoing table, a Market Purchase or an Off-Market Purchase of the maximum 22,871,767 Shares will have the effect of reducing the working capital of the Group by the dollar value of the Shares purchased.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy Back Mandate on the working capital of the Group as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. Even if the Share Buy Back Mandate is approved, the Directors will not exercise the Share Buy Back Mandate if the Group's working capital requirements would be adversely affected.

Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased, or holds all or part of the Shares repurchased in treasury.

ADDENDUM

2.8 Take-over Implications under the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.8.1 *Obligation to make a Take-over Offer*

Pursuant to the Take-over Code, an increase of a shareholder's proportionate interest in the voting rights of the Company resulting from a share buy back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("***Rule 14***").

Under Rule 14, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30 per cent or more or, if they, together holding between 30 per cent and 50 per cent of the Company's voting rights, increase their voting rights in the Company by more than 1 per cent in any period of six months.

2.8.2 *Persons Acting in Concert*

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

(a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

ADDENDUM

For this purpose, ownership or control of at least 20 per cent but not more than 50 per cent of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.8.3 ***Effect of Rule 14 and Appendix 2 of the Take-Over Code***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1 per cent in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30 per cent and 50 per cent of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1 per cent in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the shareholdings of the Directors and/or substantial shareholders in the Company as at the Latest Practicable Date, none of the Directors and/or substantial shareholders would become obligated to make a mandatory offer by reason only of the buy back of 10 per cent Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise their power to purchase Shares pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of share buy backs by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.

2.9 Disclosure Requirements for Substantial Shareholders

The disclosure of interests requirements in listed entities by a substantial shareholder are set out in Part VII of the Securities and Futures Act, Chapter 289.

A substantial shareholder in a company is defined under the Act as a person who has an interest or interests in one or more voting shares in the company and the nominal amount of that share, or the aggregate nominal amount of those shares, is not less than five per cent of the aggregate of the nominal amount of all the voting shares in the company.

Shareholders should note that a purchase of Shares by the Company may inadvertently cause the percentage shareholding of Shareholders, particularly Shareholders whose current holding of Shares is close to five per cent to become a substantial shareholder in the Company for the purposes of Act.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

ADDENDUM

2.11 Interested Persons

The Company is prohibited from knowingly buying Shares on the Official List of the SGX-ST from an interested person, that is, a Director, the chief executive of the Company or controlling shareholder of the Company or any of their associate, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.12 Listing Manual

2.12.1 As at the Latest Practicable Date, approximately 40.83% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company had purchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 34.26%.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Buy Back Mandate without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

In undertaking any purchases or acquisition of Shares through Market Purchases, the Company will ensure that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.12.2 Under the Listing Manual, a listed company may only purchase shares by way of a market acquisition at a price which is not more than 5 per cent above the average closing market price. The term average closing market price is defined as the average of the closing market prices of shares over the last five market days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.2 of this Addendum, conforms to this restriction.

Additionally, the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share or (in the case of Market Purchases) the highest price and lowest price per share, the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time, because the listed company would be regarded as an "***insider***" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the board of directors of the Company ("***Board***") until such price-sensitive information has been publicly announced. Further, in conformity with the best practices on dealing with securities under the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month immediately preceding the announcement of the Company's annual (full-year) results respectively.

ADDENDUM

2.13 Details of the Shares Bought by the Company in the Previous 12 Months

Pursuant to the Share Buy Back Mandate and as at the Latest Practicable Date, the Company had bought back, by way of market purchases, a total number of 6,215,300 Shares during the 12-month period preceding the Latest Practicable Date. The highest price paid per Share was S$0.73 and the lowest price paid per Share was S$0.64. The total consideration paid was approximately S$3.32 million (inclusive of brokerage and clearing fees).

3. PROPOSED CHANGE OF AUDITORS

3.1 Background and Rationale

The proposed Resolution 5 in the Notice of AGM relates to the proposed change of auditors from RSM Chio Lim LLP ("RSM Chio Lim") to Ernst & Young LLP ("E&Y") ("Proposed Change of Auditors"). E&Y have given their consent to be appointed as the auditors of the Company. The appointment of E&Y will be effective upon the approval of Shareholders for the Proposed Change of Auditors being obtained at the 2016 AGM. Upon appointment, E&Y will hold office until the conclusion of the next AGM of the Company.

RSM Chio Lim LLP ("RSM Chio Lim"), the Company's existing auditors, had been appointed since 2002. RSM Chio Lim was re-appointed as the auditors of the Company at the last AGM held on 30 January 2015 to hold office until the conclusion of the 2016 AGM. As part of the Company's good corporate governance initiatives, the Directors are of the view that it would be timely to effect a change of auditors. A change of auditors would also enable the Company to benefit from fresh perspectives and views of another professional firm and thus, further enhance the value of the audit. As such, the Company has approached reputable audit firms in Singapore to propose for the audit of the Group for the financial year ending 30 September 2016. After reviewing the credentials, services, proposed fees and their ability to meet the Group's requirements, the audit committee of the Company ("Audit Committee") has recommended the appointment of E&Y in place of RSM Chio Lim, subject to the approval of the Shareholders at the 2016 AGM. The Board has accepted the recommendation of the Audit Committee.

In this regard, the Proposed Change of Auditors has been discussed with RSM Chio Lim and RSM Chio Lim will, accordingly, not be seeking re-appointment at the 2016 AGM. The Directors wish to express their appreciation for the past services rendered by RSM Chio Lim.

Pursuant to Section 205 of the Act, a copy of the letter of nomination from a Shareholder, nominating the appointment of E&Y as auditors in place of RSM Chio Lim is set out in Appendix I of this Addendum.

3.2 Information on E&Y

<u>About E&Y</u>

E&Y is a global leader in assurance, tax, transactions and advisory services, with over 175,000 people worldwide. In Singapore, E&Y has a history of 124 years, with over 100 partners and 2,000 people offering assurance, tax, transaction and advisory services to a wide-ranging clientele base consisting of multinational companies, private companies and public sector organisations. The Singapore firm is part of an integrated Asia-Pacific area, which comprises over 29,000 people in 22 countries.

<u>About the Audit Engagement Partner</u>

Yong Kok Keong, with 26 years of audit experience is the designated lead engagement partner who will be assigned to lead the audit of the Company. Yong Kok Keong will be assisted by a team of audit professionals in performing the audit. An engagement manager is assigned to assist the lead engagement partner to oversee the audit.

For more information on E&Y, please visit http://www.ey.com/SG/en.

ADDENDUM

3.3 Requirements pursuant to Rules 712 and 715 of the Listing Manual

E&Y is an established firm in Singapore registered with the Accounting and Corporate Regulatory Authority of Singapore. The Directors, having considered various factors including, *inter alia*, the fee structure, the size and complexity of the Group, the adequacy of resources of E&Y, their experiences and audit engagements, the number and expertise of the supervisory and professional staff to be assigned to the audit of the financial statements of the Group and E&Y's proposed audit requirements of the Group, are of the opinion that E&Y will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

Following Shareholders' approval of the Proposed Change of Auditors, the Company will also appoint E&Y to audit all its Singapore-incorporated subsidiaries.

In view of the above, the Directors confirm that Rule 715 of the Listing Manual has been complied with.

3.4 Audit Committee's Statement

The Audit Committee has reviewed the Proposed Change of Auditors and recommended the appointment of E&Y as new auditors, having satisfied itself of the suitability of E&Y to meet the audit requirements of the Group and ensuring compliance with Rules 712 and 715 of the Listing Manual.

3.5 Confirmation from Outgoing Auditors

In accordance with the requirements of Rule 1203(5)(a) of the Listing Manual, RSM Chio Lim have confirmed that they are not aware of any professional reasons by E&Y should not accept the appointment as auditors of the Company.

3.6 Confirmation from the Company

In accordance with the requirements of Rules 1203(5)(b) to 1203(5)(e) of the Listing Manual, the Company confirms that:

(a) there were no disagreements with RSM Chio Lim on accounting treatments within the last 12 months from the date of this Addendum;

(b) it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;

(c) the specific reasons for the Proposed Change of Auditors are disclosed in Section 3.1 of this Addendum; and

(d) it has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of E&Y as the new auditors of the Company.

ADDENDUM

4. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and/or substantial shareholders of the Company in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		*Deemed Interest*	
	Number of Shares	***% of voting Shares***	***Number of Shares***	***% of voting Shares***
Directors				
Ting Yew Sue	33,141,662	14.49	–	–
Ting Tiong Ching	14,128,000	6.18	–	–
Tay Mian Cheo(1)	8,069,012	3.53	5,000,000	2.18
Tan Kia Teck Thomas(2)	160,000	0.07	70,000	0.03
Ong Siew Peng	175,000	0.08	–	–
Dr Liew Jat Yuen Richard	–	–	–	–
Tan Liam Beng	–	–	–	–
Substantial Shareholders (other than Directors)				
Eversendai Corporation Berhad	44,877,200	19.62	–	–
Tan Sri Nathan Elumalay(3)	–	–	44,877,200	19.62
Lee Tock Kiau	18,324,069	8.01	–	–

Notes:

(1) Tay Mian Cheo's deemed interest in 5,000,000 Shares arises from 5,000,000 Shares held by spouse, Wang Yueh Lai.

(2) Tan Kia Teck Thomas' deemed interest in 70,000 Shares arises from 70,000 Shares held by spouse, Tan Chwee Peng.

(3) Tan Sri Nathan Elumalay holds 71.76% shares in Eversendai Corporation Berhad ("Eversendai") and therefore deemed to be interested in the shares held by Eversendai.

5. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the Share Buy Back Mandate and the Proposed Change of Auditors are sought at the 2016 AGM. The resolution relating to the proposed renewal of the Share Buy Back Mandate is contained in the Notice of AGM as Ordinary Resolution 8, while the resolution relating to the Proposed Change of Auditors is contained in the Notice of AGM as Ordinary Resolution 5.

6. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate and the Proposed Change of Auditors are in the best interests of the Company and they recommend that Shareholders vote in favour of the Ordinary Resolutions 8 and 5 as set out in the Notice of AGM.

ADDENDUM

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the renewal of the Share Buy Back Mandate and the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

8. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 8 Wilkie Road #03-01, Wilkie Edge, Singapore 228095 during normal business hours from the date of this Addendum up to the date of the 2016 AGM:

(a) the Memorandum and Articles of Association of the Company;

(b) the annual report of the Company for FY2015;

(c) the letter of nomination;

(d) the notice of withdrawal of consent to act as Auditors of the Company;

(e) the professional clearance letter issued by RSM Chio Lim to E&Y; and

(f) the consent to act as auditors of the Company from E&Y.

Yours faithfully
For and on behalf of the Board of Directors
Technics Oil & Gas Limited

Ting Yew Sue
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 72 Loyang Way, Singapore 508762 on Friday, 29 January 2016 at 10.30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and consider the Directors' Report and Audited Accounts for the financial year ended 30 September 2015 and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr. Ting Tiong Ching, a Director retiring by rotation pursuant to Article 107 of the Articles of Association of the Company. **Resolution 2**

3. To re-elect Mr. Tan Liam Beng, a Director retiring by rotation pursuant to Article 107 of the Articles of Association of the Company.

   Mr. Tan Liam Beng shall, upon re-election as a Director, remain as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **Resolution 3**

4. To approve the payment of Directors' fees of S$148,800 for the financial year ended 30 September 2015 (2014: S$144,000). **Resolution 4**

5. To appoint Messrs Ernst & Young LLP as the Auditors of the Company in place of the retiring auditors, Messrs RSM Chio Lim LLP, to hold office until the conclusion of the next Annual General Meeting of the Company, and to authorise the Directors to fix their remuneration. **Resolution 5**

   [See Explanatory Note (i)]

   To consider and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

SPECIAL BUSINESS :

6. **General Share Issue Mandate** **Resolution 6**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

   (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(c) any subsequent bonus issue, consolidation or sub-division of shares

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (ii)]

7. **Technics Performance Share Plan** **Resolution 7**

"That approval be and is hereby given to the Directors of the Company to:

(a) offer and grant awards in accordance with the provisions of the Technics Performance Share Plan ("the Plan"); and

(b) allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued shares in the capital of the Company from time to time."

[See Explanatory Note (iii)]

8. **The Proposed Renewal of Share Buy Back Mandate** **Resolution 8**

"THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX- ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next AGM of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time);

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off- Market Purchase; and

NOTICE OF ANNUAL GENERAL MEETING

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. "

[See Explanatory Note (iv)]

9. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The proposed Resolution 5 is to approve the appointment of Ernst & Young LLP ("**E&Y**") as the auditors of the Company in place of the retiring auditors, RSM Chio Lim LLP ("**RSM Chio Lim**"), and to authorise the Directors to fix their remuneration.

An addendum is attached to the Company's Annual Report 2015 to provide shareholders with information relating to the proposed change of auditors to be tabled at the Annual General Meeting ("**Addendum**").

In accordance with the requirements of Rules 1203(5)(a) to 1203(5)(e) of the Listing Manual:

(a) RSM Chio Lim has confirmed that they are not aware of any professional reasons why E&Y should not accept appointment as the new auditors of the Company;

(b) the Company confirms that there were no disagreements with RSM Chio Lim on accounting treatments within the last 12 months from the date of the Addendum;

(c) the Company confirms that, other than as set out in the Addendum, it is not aware of any circumstances connected with the proposed change of auditors that should be brought to the attention of the shareholders of the Company;

(d) the specific reasons for the proposed change of auditors are to ensure good corporate governance practice and enable the Company to benefit from fresh perspectives and views of another professional audit firm, and thus, further enhance the value of the audit. The proposed change of auditors is not due to the dismissal of RSM Chio Lim nor RSM Chio Lim declining to continue to serve as auditors of the Company. Please refer to the Addendum for further details; and

(e) the Company confirms that it has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of E&Y as the new auditors of the Company.

(ii) The proposed Resolution 6, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution, shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

(iii) The proposed Resolution 7, if passed, will empower the Directors of the Company to offer and grant awards and to issue and allot shares in the capital of the Company pursuant to the Technics Performance Share Plan ("the Plan"). The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of shares which may be issued pursuant to the Plan is limited to 15% of the total number of issued shares in the capital of the Company.

(iv) The proposed Resolution 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10 per cent of the total number of issued shares excluding any shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this Notice.

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

SEAH KIM SWEE
Company Secretary

Date: 12 January 2016

Proxies:

1. A member of the Company is entitled to attend and vote at the above Meeting and may appoint not more than two proxies to attend and vote instead of him.

2. Where a member appoints two proxies, he shall specify the proportion of this shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

3. If the member is a corporation, the instrument appointing the proxy must be under seal of the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 not less than 48 hours before the time appointed for holding the above Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TECHNICS OIL & GAS LIMITED

Registration No.: 200205249E
(Incorporated in Singapore)

PROXY FORM

I/We, ______________________________ (name) ______________________ (NRIC/Passport No.)

of ____ (address)

being a member/members* of Technics Oil & Gas Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 72 Loyang Way, Singapore 508762 on Friday, 29 January 2016 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

NO.	RESOLUTIONS	No. of votes "For"	No. of votes "Against"
	ORDINARY BUSINESS		
1	To receive and consider the Directors' Report and Audited Accounts for the financial year ended 30 September 2015 and the Auditors' Report thereon.		
2	To re-elect Mr. Ting Tiong Ching, as Director		
3	To re-elect Mr. Tan Liam Beng as Director		
4	To approve payment of Directors' fees		
5	To appoint Messrs Ernst & Young LLP as the Auditors of the Company in place of the retiring auditors, Messrs RSM Chio Lim LLP, to hold office until the conclusion of the next Annual General Meeting of the Company, and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6	To authorize the Directors to allot and issue shares		
7	To authorise the Directors to grant awards and to allot and issue shares in accordance with the provisions of the Technics Performance Share Plan		
8	To approve the Proposed Renewal of Share Buy Back Mandate		

Dated this ______ day of ______________ 2016

Total number of Shares held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Each of the resolutions to be put to the vote of members at the Annual General Meeting (and at any adjournment thereof) will be voted by way of a poll.

3. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead, subject to note 5 below. A proxy need not be a member of the Company.

4. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.

5 A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at a meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the meeting.

7. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.

8. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 not less than 48 hours before the time appointed for the Annual General Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy :

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 January 2016.

Technics Oil & Gas Limited (Reg No. 200205249E)

Singapore Head Office
72 Loyang Way, Singapore 508762
T : (65) 6545 9968
F : (65) 6545 0668
Email: technicsoffshore@toepl.com.sg
Website: www.technicsgrp.com

Subsidiaries
AMF Tech Asia Sdn Bhd
Central Testing Centre Pte Ltd (The entity has applied for strike off on 3 December 2015)
M2E Corporation Limited
M2E Corp (Suzhou) Co., Ltd
Marinelift Testing & Supply Pte Ltd
Petro Process System Pte Ltd
PT Technics Offshore Jaya
Rigging & Marine Services Pte Ltd
Technorr Marine Pte Ltd
Technics Offshore Engineering Pte Ltd
Technics Steel Pte Ltd
Technics Systems Solutions Pte Ltd
Vigahs Marine Technologies Pte Ltd
V Offshore Engineering Pte Ltd

Associated Companies
Eversendai Technics Pte Ltd
Norr Offshore Group Limited
Norr Systems Hydraulics Pte Ltd
Norr Systems Pte Ltd
Wecom Construction & Marine Pte Ltd
Wecom Engineering Pte Ltd