



**TECHNICS OIL & GAS LIMITED**  
(Company Registration Number: 200205249E)

**Second Quarter Financial Statements for the Period Ended 31 March 2016**

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

In S\$'000	3 months ended			6 months ended		
	31-Mar-16	31-Mar-15	Inc/(Dec) %	31-Mar-16	31-Mar-15	Inc/(Dec) %
<b>Revenue</b>	14,157	19,920	-29%	29,327	38,485	-24%
Cost of sales	(8,704)	(11,397)	-24%	(17,200)	(22,357)	-23%
<b>Gross profit</b>	<u>5,453</u>	<u>8,523</u>	-36%	<u>12,127</u>	<u>16,128</u>	-25%
<b>Other items of income</b>						
Interest income	13	14	-7%	24	23	4%
Other gains	268	2,066	-87%	469	3,449	-86%
<b>Other items of expense</b>						
Marketing and distribution costs	(70)	(179)	-61%	(155)	(436)	-64%
Administrative expenses	(7,863)	(7,081)	11%	(14,457)	(14,166)	2%
Other losses	(1,419)	(296)	379%	(1,977)	(591)	235%
Finance costs	(995)	(1,588)	-37%	(1,725)	(2,441)	-29%
Share of loss from equity -accounted associates	(254)	(26)	877%	(311)	(166)	87%
<b>(Loss) Profit before income tax</b>	<u>(4,867)</u>	<u>1,433</u>	<i>N.M.</i>	<u>(6,005)</u>	<u>1,800</u>	<i>N.M.</i>
Income tax credit (expense)	80	(342)	<i>N.M.</i>	128	(599)	<i>N.M.</i>
<b>(Loss) Profit for the period</b>	<u>(4,787)</u>	<u>1,091</u>	<i>N.M.</i>	<u>(5,877)</u>	<u>1,201</u>	<i>N.M.</i>
<b>Other comprehensive income/(loss)</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Cash flow hedge (loss) gain from interest rate swaps	(259)	(351)	-26%	87	(663)	<i>N.M.</i>
Exchange differences on translating foreign operations, net of tax	<u>282</u>	<u>(87)</u>	<i>N.M.</i>	<u>501</u>	<u>(112)</u>	<i>N.M.</i>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>23</u>	<u>(438)</u>	<i>N.M.</i>	<u>588</u>	<u>(775)</u>	<i>N.M.</i>
<b>Total comprehensive (loss) income for the period</b>	<u>(4,764)</u>	<u>653</u>	<i>N.M.</i>	<u>(5,289)</u>	<u>426</u>	<i>N.M.</i>
<b>(Loss) Profit attributable to:</b>						
Owners of the Parent	(4,436)	617	<i>N.M.</i>	(5,641)	24	<i>N.M.</i>
Non-controlling interests	<u>(351)</u>	<u>474</u>	<i>N.M.</i>	<u>(236)</u>	<u>1,177</u>	<i>N.M.</i>
<b>Total comprehensive (loss) income</b>	<u>(4,787)</u>	<u>1,091</u>	<i>N.M.</i>	<u>(5,877)</u>	<u>1,201</u>	<i>N.M.</i>
<b>Total comprehensive loss attributable to:</b>						
Owners of the Parent	(4,423)	313	<i>N.M.</i>	(5,399)	(498)	984%
Non-controlling interests	<u>(341)</u>	<u>340</u>	<i>N.M.</i>	<u>110</u>	<u>924</u>	-88%
	<u>(4,764)</u>	<u>653</u>	<i>N.M.</i>	<u>(5,289)</u>	<u>426</u>	<i>N.M.</i>

*N.M. : Not Meaningful*

**1(a)(i) Breakdown and explanatory notes to the income statement**

(Loss) Profit before tax consists of the following:

<b>In S\$'000</b>	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31-Mar-16</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
Depreciation of plant and equipment	1,449	2,156	2,969	4,103
(Reversal) Allowance for doubtful trade receivables	6	11	6	-
Amortisation of intangible assets	292	291	584	583
Amortisation of deferred capital gain	(676)	-	(882)	-
Bad debts written off - trade	-	6	-	1
Foreign exchange loss (gain)	1,127	(1,574)	1,387	(2,701)
Loss on disposal of plant and equipment	(35)	22	(27)	11
Interest Income	(13)	(14)	(24)	(23)
Interest on borrowings	995	1,588	1,725	2,441
(Reversal) inventories written off	-	-	-	(23)
Share of loss of associates	254	26	311	166

**1(b)(i) Statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

In S\$'000	Group		Company	
	31-Mar-16	30-Sep-15	31-Mar-16	30-Sep-15
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	86,334	89,336	1	1
Intangible assets	3,562	4,146	-	-
Investment in subsidiaries	-	-	21,297	21,297
Investment in associates	300	598	300	300
Other Investment	54	-	-	-
<b>Total non-current assets</b>	<b>90,250</b>	<b>94,080</b>	<b>21,598</b>	<b>21,598</b>
<b>Current assets</b>				
Inventories	2,199	2,168	-	-
Trade and other receivables	44,697	45,200	36,643	37,276
Finance lease receivables	-	2,589	-	-
Balance on construction contract costs	7,448	8,629	-	-
Other non-financial assets	1,684	1,102	38	33
Cash and bank balances	17,512	23,390	-	25
<b>Total current assets</b>	<b>73,540</b>	<b>83,078</b>	<b>36,681</b>	<b>37,334</b>
<b>Total assets</b>	<b>163,790</b>	<b>177,158</b>	<b>58,279</b>	<b>58,932</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	69,854	70,817	69,854	70,817
Accumulated losses	(20,296)	(14,395)	(25,901)	(25,929)
Other reserves	9,875	9,633	10,911	10,911
<b>Equity attributable to owners of the Parent</b>	<b>59,433</b>	<b>66,055</b>	<b>54,864</b>	<b>55,799</b>
Non-controlling interests	2,083	1,973	-	-
<b>Total equity</b>	<b>61,516</b>	<b>68,028</b>	<b>54,864</b>	<b>55,799</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	918	905	24	24
Non-current portion of finance leases	624	720	-	-
Bank borrowings	34,621	35,131	-	-
Other non-financial liabilities	23,191	24,072	-	-
<b>Total non-current liabilities</b>	<b>59,354</b>	<b>60,828</b>	<b>24</b>	<b>24</b>
<b>Current liabilities</b>				
Income tax payable	1,394	1,852	324	324
Trade and other payables	26,727	33,481	3,067	2,785
Due to customers on construction contracts	442	2,886	-	-
Current portion of finance leases	312	313	-	-
Bank borrowings	12,096	7,928	-	-
Other non-financial liabilities	1,949	1,842	-	-
<b>Total current liabilities</b>	<b>42,920</b>	<b>48,302</b>	<b>3,391</b>	<b>3,109</b>
<b>Total liabilities</b>	<b>102,274</b>	<b>109,130</b>	<b>3,415</b>	<b>3,133</b>
<b>Total liabilities and equity</b>	<b>163,790</b>	<b>177,158</b>	<b>58,279</b>	<b>58,932</b>

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31-Mar-16		As at 30-Sep-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,108	9,300	3,125	5,116

**Amount repayable after one year**

As at 31-Mar-16		As at 30-Sep-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
34,874	371	34,460	1,391

**Details of collateral**

The above secured liabilities are secured by the vessels and fixed deposits of the subsidiaries.

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

In S\$'000	3 months ended		6 months ended	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
<b>Operating activities</b>				
(Loss) Profit before tax	(4,867)	1,433	(6,005)	1,800
Adjustments for:				
Amortisation expense	292	291	584	583
Depreciation expenses	1,449	2,156	2,969	4,103
(Gain) Loss on disposal of property, plant and equipment	(35)	22	(27)	11
Interest income	(13)	(14)	(24)	(23)
Interest expense	995	1,588	1,725	2,441
Amortisation of deferred capital gain	(676)	-	(882)	-
Share-based payments	-	25	-	97
Share of loss of associates	254	26	311	166
Foreign exchange loss (gain)	4,478	(1,649)	5,250	(2,706)
<b>Operating cash flows before changes in working capital</b>	<b>1,877</b>	<b>3,878</b>	<b>3,901</b>	<b>6,472</b>
Inventories	23	311	(31)	238
Trade and other receivables	(874)	2,275	2,460	3,227
Other assets and balance on construction contract costs	3,404	(2,382)	599	(5,998)
Trade and other payables	(303)	566	(6,032)	825
Other liabilities and due to customers on construction contracts	(3,660)	(1,929)	(2,444)	(1,942)
<b>Net cash flows generated from (used in) operations</b>	<b>467</b>	<b>2,719</b>	<b>(1,547)</b>	<b>2,822</b>
Income taxes paid	(381)	(512)	(317)	(458)
<b>Net cash flows generated from (used in) operating activities</b>	<b>86</b>	<b>2,207</b>	<b>(1,864)</b>	<b>2,364</b>
<b>Investing activities</b>				
Purchase of plant and equipment (Note A)	(846)	(1,851)	(3,084)	(2,273)
Proceeds from sale of property, plant and equipment	1,585	-	1,585	-
Increase in other investment	(54)	-	(54)	-
Finance lease receivables	-	219	2,589	438
Interest received	13	14	24	23
<b>Net cash generated from (used in) investing activities</b>	<b>698</b>	<b>(1,618)</b>	<b>1,060</b>	<b>(1,812)</b>
<b>Financing activities</b>				
Dividends paid to non-controlling interest	(260)	-	(260)	(390)
Purchase of treasury shares	-	(1,127)	(963)	(1,127)
Net movements in amounts due to related parties	11	(4,222)	(2,571)	(2,569)
Increase in bank borrowings	(2,426)	450	816	3,096
Repayment of obligations under finance leases	(85)	(47)	(170)	(101)
Cash pledged	353	2,378	398	2,369
Interest paid	(995)	(1,475)	(1,725)	(2,316)
<b>Net cash used in financing activities</b>	<b>(3,402)</b>	<b>(4,043)</b>	<b>(4,475)</b>	<b>(1,038)</b>
Net decrease in cash and cash equivalents	(2,618)	(3,454)	(5,279)	(486)
Effects of exchange rate changes on the balance of cash held in foregin currencies	20	226	(170)	245
Cash and cash equivalents at beginning of period	4,764	5,935	7,615	2,948
<b>Cash and cash equivalents at end of period</b>	<b>2,166</b>	<b>2,707</b>	<b>2,166</b>	<b>2,707</b>

**Notes**

**A. Purchase of property, plant and equipment:**

In 2Q-16, the Group acquired plant and equipment with an aggregate cost of \$846,000 (2Q-15: \$1,851,000) of which \$Nil (2Q15: \$570,000) was acquired under finance lease arrangement.

In YTD-16, the Group acquired plant and equipment with an aggregate cost of \$3,084,000 (2Q-15: \$2,273,000) of which \$2,960,000 (2Q-15: \$Nil) was acquired under property loan arrangement and \$73,000 (2Q15: \$690,000) under finance lease arrangement.

**B. Cash and cash equivalents at end of period comprise of:**

<b>In S\$'000</b>	<b>2Q-16</b>	<b>2Q-15</b>
Cash and bank balances	17,512	6,446
Less: Bank overdraft	(1,333)	(1,373)
Less: Cash pledged	<u>(14,013)</u>	<u>(2,366)</u>
Cash and cash equivalents	<u><u>2,166</u></u>	<u><u>2,707</u></u>

**1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<u>In S\$'000</u> Group	<u>Total equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Currency translation reserve</u>	<u>Hedging reserve</u>	<u>Warrants reserve</u>	<u>Non-controlling interests</u>
<b>3 months</b>								
<b>Balance at 1 January 2016</b>	66,540	64,116	69,854	(15,600)	(243)	(806)	10,911	2,424
Total comprehensive (loss) income for the period	(4,764)	(4,423)	-	(4,436)	272	(259)	-	(341)
Dividend paid	(260)	(260)	-	(260)	-	-	-	-
<b>Balance at 31 March 2016</b>	<u>61,516</u>	<u>59,433</u>	<u>69,854</u>	<u>(20,296)</u>	<u>29</u>	<u>(1,065)</u>	<u>10,911</u>	<u>2,083</u>
<b>Balance at 1 January 2015</b>	71,924	67,723	74,137	(16,065)	(115)	(1,145)	10,911	4,201
Total comprehensive (loss) income for the period	653	313	-	617	(47)	(257)	-	340
Purchase of treasury shares	(1,127)	(1,127)	(1,127)	-	-	-	-	-
<b>Balance at 31 March 2015</b>	<u>71,450</u>	<u>66,909</u>	<u>73,010</u>	<u>(15,448)</u>	<u>(162)</u>	<u>(1,402)</u>	<u>10,911</u>	<u>4,541</u>

<u>In S\$'000</u> Company	<u>Total equity</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Warrants reserve</u>
<b>3 months</b>				
<b>Balance at 1 January 2016</b>	54,817	69,854	(25,948)	10,911
Total comprehensive loss for the period	47	-	47	-
<b>Balance at 31 March 2016</b>	<u>54,864</u>	<u>69,854</u>	<u>(25,901)</u>	<u>10,911</u>
<b>Balance at 1 January 2015</b>	74,376	74,137	(10,672)	10,911
Total comprehensive income for the period	336	-	336	-
Purchase of treasury shares	(1,127)	(1,127)	-	-
<b>Balance at 31 March 2015</b>	<u>73,585</u>	<u>73,010</u>	<u>(10,336)</u>	<u>10,911</u>

**1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)**

<u>In S\$'000</u>	<u>Total equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Currency translation reserve</u>	<u>Hedging reserve</u>	<u>Warrants reserve</u>	<u>Non-controlling interests</u>
<b>Group</b>								
<b>6 months</b>								
<b>Balance at 1 October 2015</b>	68,028	66,055	70,817	(14,395)	(126)	(1,152)	10,911	1,973
Total comprehensive (loss) income for the period	(5,289)	(5,399)	-	(5,641)	155	87	-	110
Dividend paid	(260)	(260)	-	(260)	-	-	-	-
Purchase of treasury shares	(963)	(963)	(963)	-	-	-	-	-
<b>Balance at 31 March 2016</b>	<u>61,516</u>	<u>59,433</u>	<u>69,854</u>	<u>(20,296)</u>	<u>29</u>	<u>(1,065)</u>	<u>10,911</u>	<u>2,083</u>
<b>Balance at 1 October 2014</b>	72,541	68,534	74,137	(15,472)	(125)	(917)	10,911	4,007
Total comprehensive (loss) income for the period	426	(498)	-	24	(37)	(485)	-	924
Dividend paid	(390)	-	-	-	-	-	-	(390)
Purchase of treasury shares	(1,127)	(1,127)	(1,127)	-	-	-	-	-
<b>Balance at 31 March 2015</b>	<u>71,450</u>	<u>66,909</u>	<u>73,010</u>	<u>(15,448)</u>	<u>(162)</u>	<u>(1,402)</u>	<u>10,911</u>	<u>4,541</u>

<u>In S\$'000</u>	<u>Total equity</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Warrants reserve</u>
<b>Company</b>				
<b>6 months</b>				
<b>Balance at 1 October 2015</b>	55,799	70,817	(25,929)	10,911
Total comprehensive income for the period	28	-	28	-
Purchase of treasury shares	(963)	(963)	-	-
<b>Balance at 31 March 2016</b>	<u>54,864</u>	<u>69,854</u>	<u>(25,901)</u>	<u>10,911</u>
<b>Balance at 1 October 2014</b>	73,997	74,137	(11,051)	10,911
Total comprehensive income for the period	715	-	715	-
Purchase of treasury shares	(1,127)	(1,127)	-	-
<b>Balance at 31 March 2015</b>	<u>73,585</u>	<u>73,010</u>	<u>(10,336)</u>	<u>10,911</u>



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

**Issued share capital**

There were no movements in the Company's issued share capital for the quarter ended 31 March 2016. In 2Q15, the Company purchased 1,600,000 treasury shares.

As at 31 March 2016, the Company's total issued share capital is \$69,854,000 divided into 228,717,675 (31 March 2015: 233,332,975) shares.

**Treasury shares**

There were no movements in the Company's treasury shares for the quarter ended 31 March 2016 (2Q-15: purchase of 1,600,000 shares).

As at 31 March 2016, the Company has 6,272,300 (31 March 2015: 1,657,000) shares being held as treasury shares.

**Warrants**

At 31 March 2016, there were 89,805,082 outstanding warrants. Each warrant carried the right to subscribe for one new share in the capital of the Company at an exercise price of \$0.25. The warrants may be exercisable on the market day immediately preceding the third anniversary of the date of issue of the warrants i.e. 9 December 2016.

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

	<b>Number of ordinary shares</b>	
	<b>31-Mar-16</b>	<b>30-Sep-15</b>
Issued and paid up	<u>228,717,675</u>	<u>230,195,175</u>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard**

The figures have not been audited or reviewed by the auditors of the Company.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 30 September 2015.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 October 2015, where applicable.

The adoption of new / revised FRS and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

**6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Loss per ordinary share (based on consolidated net loss attributable to owners of the Parent)	3 months ended		6 months ended	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	Cents	Cents	Cents	Cents
- Basic	(1.94)	0.26	(2.47)	0.01
- Fully diluted	<u>(1.94)</u>	<u>0.21</u>	<u>(2.47)</u>	<u>0.01</u>

Basic loss per ordinary share is computed based on the weighted average number of shares in issue during the period of 228,740,654 (2Q-15: 234,624,642).

There is no dilutive effect from the share warrants as they are anti-dilutive because their conversion to ordinary shares would decrease loss per share.

**7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31-Mar-16	30-Sep-15	31-Mar-16	30-Sep-15
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>25.99</u>	<u>28.70</u>	<u>23.99</u>	<u>24.24</u>

The NAV per share as at 31 March 2016 is calculated based on 228,717,675 (30 September 2015: 230,195,175) ordinary shares.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

**3 months ended 31 March 2016 ("2Q-16") versus 3 months ended 31 March 2015 ("2Q-15")**

The Group's revenue decreased by \$5.7 million from \$19.9 million to \$14.2 million in 2Q-16 compared to the same period a year ago mainly due to deconsolidation of Vina Offshore Engineering Co., Ltd from 1 April 2015 onwards and weak market demand.

The decline in gross profit was in line with the decrease in revenue and gross profit margins decreased from 43% to 39% quarter-on-quarter.

Other gains in 2Q-16 reduced by \$1.8 million as there was a foreign exchange gain of \$1.6 million reported in 2Q-15. Foreign exchange for 2Q-16 was a loss of \$1.1 million and this was reported as other losses.

Administrative expenses increased by \$0.8 million quarter-on-quarter mainly due to rental expenses of \$1.9 million arising from the sale and leaseback of property at 72 Loyang Way offset by amortisation of deferred capital gain of about \$0.7 million. There was a decrease of \$0.7 million in depreciation due to business closure of M2E Corp (Suzhou) Co., Ltd in May 2015 and disposal of the property and certain assets under the aforesaid sale and leaseback transaction in 3Q-15.

Other losses in 2Q-16 are mainly due to foreign exchange loss and amortization of intangible assets.

Finance costs mainly consist of vessels financing and interests on bank borrowings.

Due to the foregoing reasons, the Group posted a loss after tax of \$4.8 million compared to a profit of \$1.1 million for the corresponding period in FY2015.

**6 months ended 31 March 2016 ("1H-16") versus 6 months ended 31 March 2015 ("1H-15")**

The Group's 1H-16 revenue decreased by \$9.2 million from \$38.5 million to \$29.3 million compared to 1H-15 mainly due to deconsolidation of Vina and sluggish market condition. The gross profit margin also dropped slightly from 42% to 41% year-on-year.

Other gains in 1H-16 reduced by \$3.0 million as there was a foreign exchange gain of \$2.7 million reported in 1H-15. Foreign exchange for 1H-16 was a loss of \$1.4 million and this was reported as other losses.

Administrative expenses increased by \$0.3 million in 1H-16 compared to 1H-15 were mainly due to rental expenses of \$3.8 million arising from the above sale and leaseback transaction, offset by a decrease in depreciation expenses and reversal of some staff costs in 1Q-16.

Other losses in 1H-16 are mainly due to foreign exchange loss and amortization of intangible assets.

Finance costs decreased by \$0.7 million in 1H-16 compared to the corresponding period in 2015 mainly due to repayment of major outstanding bank loans in May'15 using the net proceeds from sale and leaseback of the property.

The Group posted a loss after tax of \$5.9 million for 1H-16, compared to a net profit of \$1.2 million in 1H-15.

**Cash flows**

The Group has generated a lower operating cash flow as compared to previous 3 months ended 31 March 2015 mainly due to the decline in operations.

For investing activities, the Group generated an inflow of approximately \$0.7 million mainly due to the proceeds from disposal of Property, plant & equipment amounted to \$1.6 million and partially offset by the purchase of Property, plant & equipment of \$0.9 million.

The Group incurred approximately \$3.4 million in financing activities mainly due to the repayment of bank borrowings of \$2.4 million and interest paid of \$1.0 million.

In view of the above, the Group has generated a net decrease in cash and cash equivalents of \$2.6 million for the 3 months period ended 31 March 2016.

#### **Statement of Financial Position Review (as at 31 March 2016 compared to 30 September 2015)**

##### Property, plant & equipment

The decrease in property, plant and equipment was mainly due to the translation of property, plant & equipment held by a subsidiary with US dollar functional currency.

##### Trade and other receivables

Trade and other receivables decreased by \$0.5 million from \$45.2 million at 30 September 2015 to \$44.7 million at 31 March 2016 mainly due to lower revenue recognized in this quarter.

##### Finance lease receivables

As at 30 September 2015, the Group had finance leasing arrangement of \$2.6 million for certain tugboats and vessels. In October 2015, the tugboats and vessels were sold to a third party for full settlement of the finance lease receivable.

##### Cash and bank balances

The decrease in cash and bank balances from \$23.4 million at 30 September 2015 to \$17.5 million at 31 March 2016 mainly due to negative net cash flows from operations and repayment of debts to related parties.

##### Other non-financial liabilities

Other non-financial liabilities included deferred gain arising from the sale and leaseback of the property in FY2015 amounting to \$25.1 million (30 September 2015: \$25.8 million) and is amortised over 15 year lease period with effect from May 2015.

##### Trade and other payables

Trade and other payables decreased by \$6.8 million from \$33.5 million at 30 September 2015 to \$26.7 million at 31 March 2016 mainly due to repayment of debts.

##### Bank borrowings

Bank borrowings increased by \$3.6 million from \$43.1 million at 30 September 2015 to \$46.7 million at 31 March 2016 due to property loan for 70 Loyang Way and higher utilization of bank trade facilities.

##### Gearing ratio

The gearing ratio (total debts less cash and bank balances / total equity) has increased from 0.3 as at 30 September 2015 to 0.5 as at 31 March 2016 mainly due to the new property loan taken by a 51% owned subsidiary, higher utilization of bank trade facilities and losses incurred in the current year.

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

Not applicable.

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

Eversendai Corporation Berhad, a reputable public limited company listed in the Bursa Malaysia, increased its shareholding in Technics Oil & Gas Limited ("the Company") from 19.62% to 29.87% on 29 February 2016 and 1 March 2016 and has become the largest shareholder of the Company.

On 1 April 2016, Mr Nathan Elumalay, the Executive Chairman and Group Managing Director of Eversendai, was appointed as the Executive Chairman of the Company. Mr Nathan will lead the Group.

On 20 April 2016, Mr Ng Chiu Yuen was appointed as the Group Managing Director of the Company. Mr Ng has more than 30 years of experience in oil and gas upstream and downstream industry.

There are also other new Board members who will provide their expertise and time to guide the Company on its next phase of development.

The Board is reviewing the operations of the Group and will be taking appropriate measures in this challenging business environment.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend has been declared or recommend for the period.

**13. Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

**14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of Board of directors which may render the interim financial statement for the second quarter ended 31 March 2016 to be false or misleading in any material aspect.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**Nathan Elumalay  
Executive Chairman  
12 May 2016**