



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

Full Year and Fourth Quarter Financial Statements for the Period Ended 30 September 2015

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			12 months ended		
	30-Sep-15	30-Sep-14	Inc/(Dec) %	30-Sep-15	30-Sep-14	Inc/(Dec) %
Revenue	18,170	20,138	-10%	74,184	69,246	7%
Cost of sales	<u>(10,219)</u>	<u>(11,924)</u>	-14%	<u>(42,204)</u>	<u>(43,664)</u>	-3%
Gross profit	7,951	8,214	-3%	31,980	25,582	25%
Other items of income						
Interest income	34	12	183%	61	41	49%
Other gains	(3,185)	759	-520%	33,021	2,054	1508%
Other items of expense						
Marketing and distribution costs	(78)	(245)	-68%	(624)	(714)	-13%
Administrative expenses	(7,134)	(7,039)	1%	(30,090)	(21,889)	37%
Other losses	(10,234)	(4,544)	125%	(15,580)	(5,198)	200%
Finance costs	(855)	(843)	1%	(4,579)	(1,788)	156%
Share of loss from equity -accounted associates	<u>(3,828)</u>	<u>(4,216)</u>	-9%	<u>(4,723)</u>	<u>(4,153)</u>	14%
Profit (loss) before income tax	<u>(17,329)</u>	<u>(7,902)</u>	119%	<u>9,466</u>	<u>(6,065)</u>	-256%
Income tax expense	<u>1,426</u>	<u>(223)</u>	-739%	<u>497</u>	<u>(878)</u>	-157%
Profit (loss) for the period	<u>(15,903)</u>	<u>(8,125)</u>	96%	<u>9,963</u>	<u>(6,943)</u>	-243%
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Cash flow hedge loss from interest rate swaps	(570)	(1,255)	-55%	(840)	(1,255)	-33%
Exchange differences on translating foreign operations, net of tax	<u>(90)</u>	<u>79</u>	-214%	<u>(93)</u>	<u>(10)</u>	830%
Other comprehensive loss for the period, net of tax	<u>(660)</u>	<u>(1,176)</u>	-44%	<u>(933)</u>	<u>(1,265)</u>	-26%
Total comprehensive income for the period	<u><u>(16,563)</u></u>	<u><u>(9,301)</u></u>	78%	<u><u>9,030</u></u>	<u><u>(8,208)</u></u>	-210%
Profit attributable to:						
Owners of the Parent	(11,716)	(8,587)	36%	9,728	(7,470)	-230%
Non-controlling interests	<u>(4,187)</u>	<u>462</u>	-1006%	<u>235</u>	<u>527</u>	-55%
Total comprehensive income	<u><u>(15,903)</u></u>	<u><u>(8,125)</u></u>	96%	<u><u>9,963</u></u>	<u><u>(6,943)</u></u>	-243%
Total comprehensive income attributable to:						
Owners of the Parent	(11,811)	(9,408)	26%	9,493	(8,388)	-213%
Non-controlling interests	<u>(4,752)</u>	<u>107</u>	-4541%	<u>(463)</u>	<u>180</u>	-357%
	<u><u>(16,563)</u></u>	<u><u>(9,301)</u></u>	78%	<u><u>9,030</u></u>	<u><u>(8,208)</u></u>	-210%

N.M. : Not Meaningful

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

Profit before tax consists of the following:

In S\$'000	3 months ended		12 months ended	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Depreciation of plant and equipment	1,472	1,882	7,406	5,126
(Reversal) Allowance for doubtful trade receivables	(2,054)	26	649	15
Allowance for doubtful other receivables	186	-	543	-
Amortisation of intangible assets	291	521	1,166	521
Bad debts written off - trade	-	5	1	177
Realised foreign exchange (gain) loss	(239)	(24)	6	196
Unrealised foreign exchange gain	(1,606)	(713)	(3,924)	(669)
Gain on disposal of subsidiary	-	-	(2,172)	(3)
Gain on disposal of associate	-	-	-	(121)
Loss (Gain) on disposal of plant and equipment	4,870	23	(26,265)	(39)
Impairment on investment in associate	406	2,441	406	2,441
Impairment on plant and equipment	11,398	1,824	11,398	1,824
Interest Income	(34)	(12)	(61)	(41)
Interest on borrowings	855	843	4,579	1,788
Inventories written off	-	1	1,404	191
Share of loss of associates	3,828	4,216	4,723	4,153
Reversal of allowance for inventories	-	-	-	(21)
Reimbursement of legal cost arising from litigation	-	-	-	(300)

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	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
ASSETS				
Non-current assets				
Property, plant and equipment	89,336	131,300	1	1
Intangible assets	4,146	5,312	-	-
Investment in subsidiaries	-	-	21,297	21,297
Investment in associates	598	5,227	300	300
Non-current portion of finance lease receivables	1,214	2,335	-	-
Total non-current assets	95,294	144,174	21,598	21,598
Current assets				
Inventories	2,168	4,711	-	-
Trade and other receivables	47,691	38,638	36,327	54,780
Current portion of finance lease receivables	875	875	-	-
Balance on construction contract costs	16,135	14,942	-	-
Cash and bank balances	23,495	8,677	25	12
Total current assets	90,364	67,843	36,352	54,792
Total assets	185,658	212,017	57,950	76,390
Capital, reserves and non-controlling interests				
Share capital	70,817	74,137	70,817	74,137
Retained earnings	(5,744)	(15,472)	(25,929)	(11,051)
Other reserves	9,634	9,869	10,911	10,911
Equity attributable to owners of the Parent	74,707	68,534	55,799	73,997
Non-controlling interests	2,144	4,007	-	-
Total equity	76,851	72,541	55,799	73,997
Non-current liabilities				
Deferred tax liabilities	905	3,046	24	582
Deferred capital gain	24,072	-	-	-
Other payables	5,644	8,240	-	-
Non-current portion of finance leases	720	301	-	-
Bank borrowings	35,131	33,117	-	-
Total non-current liabilities	66,472	44,704	24	582
Current liabilities				
Income tax payable	1,852	1,307	324	181
Deferred capital gain	1,763	-	-	-
Trade and other payables	27,593	28,247	1,803	1,630
Due to customers on construction contracts	2,886	1,474	-	-
Current portion of finance leases	313	154	-	-
Bank borrowings	7,928	63,590	-	-
Total current liabilities	42,335	94,772	2,127	1,811
Total liabilities	108,807	139,476	2,151	2,393
Total liabilities and equity	185,658	212,017	57,950	76,390

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

As at 30-Sep-15		As at 30-Sep-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,080	3,161	56,078	7,666

Amount repayable after one year

As at 30-Sep-15		As at 30-Sep-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
34,460	1,391	32,893	525

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		12 months ended	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
Operating activities				
(Loss) Profit before tax	(17,329)	(7,902)	9,466	(6,065)
Adjustments for:				
Amortisation expense	291	521	1,166	521
Allowance for trade receivables	(2,054)	26	649	15
Allowance for other receivables	186	-	543	-
Bad debts written off	-	5	1	177
Depreciation expenses	1,472	1,882	7,406	5,126
Gain on disposal of property, plant and equipment	4,870	(23)	(26,265)	(39)
Gain on disposal of associate	-	-	-	(121)
Gain on disposal of subsidiary	-	-	(2,172)	(3)
Interest income	(34)	(12)	(61)	(41)
Interest expense	855	843	4,579	1,788
Inventories written off	-	1	1,404	191
Impairment on plant and equipment	11,398	1,824	11,398	1,824
Impairment on investment in associates	406	2,441	406	2,441
Reversal of deferred capital gain	(469)	-	(611)	-
Reversal of allowance for inventories	-	-	-	(21)
Share-based payments	-	72	-	193
Share of loss of associates	3,828	4,216	4,723	4,153
Foreign exchange gain	(1,608)	(713)	(3,924)	(669)
Operating cash flows before changes in working capital	1,812	3,181	8,708	9,470
Inventories	(1,300)	(391)	9	(611)
Trade and other receivables	1,675	22,434	(1,209)	5,964
Balance on construction contract costs	1,485	4,064	(5,021)	100
Trade and other payables	(1,257)	(13,663)	(3,497)	3,781
Due to customers on construction contracts	(986)	(1,924)	1,412	(5,958)
Net cash flows from operations	1,429	13,701	402	12,746
Income taxes paid	(241)	(259)	(1,024)	(423)
Net cash flows from (used in) operating activities	1,188	13,442	(622)	12,323
Investing activities				
Purchase of plant and equipment (Note A)	(2,459)	(72,754)	(6,463)	(92,173)
Proceeds from sale of property, plant and equipment	(1)	23	86,340	58
Net cash outflows on acquisition of subsidiary	-	135	-	(3,803)
Decrease/(Increase) in investment in associates	-	-	(500)	121
Cash contribution from non-controlling interests	-	23	-	268
Net cash inflows from sale of subsidiary (Note B)	4,300	-	8,240	-
Finance lease receivables	1,121	219	1,121	875
Interest received	(623)	12	61	41
Net cash generated from (used in) investing activities	2,338	(72,342)	88,799	(94,613)
Financing activities				
Dividends paid to non-controlling interest	(750)	(1,600)	(1,400)	(1,600)
Purchase of treasury shares	(1,095)	-	(3,320)	(2,719)
Proceeds from conversion of warrants, net	-	22	-	10,911
Net movements in amounts due to related parties	(559)	27,864	(6,606)	18,654
(Decrease) Increase in bank borrowings	(1,686)	23,885	(57,858)	41,474
Repayment of obligations under finance leases	(86)	(31)	(320)	(62)
Cash pledged	279	5,583	(9,448)	18,373
Interest paid	(854)	(776)	(4,579)	(1,721)
Net cash (used in) generated from financing activities	(4,751)	54,947	(83,531)	83,310
Net (decrease) increase in cash and cash equivalents	(1,225)	(3,953)	4,646	1,020
Effects of exchange rate changes on the balance of cash held in foreign currencies	(13)	51	135	69
Cash and cash equivalents at beginning of period	8,967	6,850	2,948	1,859
Cash and cash equivalents at end of period	7,729	2,948	7,729	2,948

Notes

A. Purchase of plant and equipment:

In 4Q-15, the Group acquired plant and equipment with an aggregate cost of \$2,459,000 (4Q-14: \$72,754,000) of which \$165,000 (2014: \$Nil) was acquired under finance lease arrangements.

In YTD-15, the Group acquired plant and equipment with an aggregate cost of \$6,463,000 (YTD-14: \$92,173,000) of which \$898,000 (2014: \$Nil) was acquired under finance lease arrangements.

B. Disposal of subsidiary

On 1 April 2015, the Group disposed its wholly owned subsidiary Vina Offshore Engineering Co., Ltd held by Technics Offshore Engineering Pte Ltd to unrelated party at S\$11,000,000.

The carrying value of assets disposed and liabilities discharged were as follows:

	S\$'000
Assets	14,270
Liabilities	(6,011)
Net assets disposed	<u>8,259</u>
Expenses relating to the disposal	569
Gain on disposal of subsidiary	2,172
Total Consideration	<u><u>11,000</u></u>
Cash consideration	11,000
Less: Expenses paid for the disposal	(569)
Deferred payment	(2,131)
Cash and cash balances disposed of	(60)
Cash inflows on disposal	<u><u>8,240</u></u>

C. Cash and cash equivalents at end of period comprise of:

In S\$'000	4Q-15	4Q-14
Cash and bank balances	23,495	8,677
Less: Bank overdraft	(1,364)	(1,251)
Less: Cash pledged	(14,402)	(4,478)
Cash and cash equivalents	<u><u>7,729</u></u>	<u><u>2,948</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>	<u>Total equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Currency translation reserve</u>	<u>Hedging reserve</u>	<u>Warrants reserve</u>	<u>Non-controlling interests</u>
Group								
3 months								
Balance at 1 July 2015	95,259	87,613	71,912	5,972	(68)	(1,114)	10,911	7,646
Total comprehensive income for the period	(16,563)	(11,811)	-	(11,716)	(57)	(38)	-	(4,752)
Dividend paid to non-controlling interests	(750)	-	-	-	-	-	-	(750)
Purchase of treasury shares	(1,095)	(1,095)	(1,095)	-	-	-	-	-
Balance at 30 September 2015	<u>76,851</u>	<u>74,707</u>	<u>70,817</u>	<u>(5,744)</u>	<u>(125)</u>	<u>(1,152)</u>	<u>10,911</u>	<u>2,144</u>
Balance at 1 July 2014	66,907	67,112	63,329	(6,885)	(221)	-	10,889	(205)
Total comprehensive income for the period	(9,301)	(9,408)	-	(8,587)	96	(917)	-	107
Acquisition of subsidiary	6,482	-	-	-	-	-	-	6,482
Incorporation of subsidiary	23	-	-	-	-	-	-	23
Issue of share capital	8,099	8,099	8,099	-	-	-	-	-
Issue of warrants	22	22	-	-	-	-	22	-
Reissuance of treasury shares	2,709	2,709	2,709	-	-	-	-	-
Dividend paid to non-controlling interests	(2,400)	-	-	-	-	-	-	(2,400)
Balance at 30 September 2014	<u>72,541</u>	<u>68,534</u>	<u>74,137</u>	<u>(15,472)</u>	<u>(125)</u>	<u>(917)</u>	<u>10,911</u>	<u>4,007</u>
12 months								
Balance at 1 October 2014	72,541	68,534	74,137	(15,472)	(125)	(917)	10,911	4,007
Total comprehensive income for the period	9,030	9,493	-	9,728	-	(235)	-	(463)
Dividend paid to non-controlling interests	(1,400)	-	-	-	-	-	-	(1,400)
Purchase of treasury shares	(3,320)	(3,320)	(3,320)	-	-	-	-	-
Balance at 30 September 2015	<u>76,851</u>	<u>74,707</u>	<u>70,817</u>	<u>(5,744)</u>	<u>(125)</u>	<u>(1,152)</u>	<u>10,911</u>	<u>2,144</u>
Balance at 1 October 2013	55,938	57,633	65,759	(8,002)	(124)	-	-	(1,695)
Total comprehensive income for the period	(8,208)	(8,388)	-	(7,470)	(1)	(917)	-	180
Acquisition of subsidiaries	7,657	-	-	-	-	-	-	7,657
Incorporation of subsidiary	268	-	-	-	-	-	-	268
Issue of share capital	8,099	8,099	8,099	-	-	-	-	-
Issue of warrants	10,911	10,911	-	-	-	-	10,911	-
Purchase of treasury shares	(2,719)	(2,719)	(2,719)	-	-	-	-	-
Share-based payments	289	289	289	-	-	-	-	-
Subsidiary de-registered	(3)	-	-	-	-	-	-	(3)
Reissuance of treasury shares	2,709	2,709	2,709	-	-	-	-	-
Dividend paid to non-controlling interests	(2,400)	-	-	-	-	-	-	(2,400)
Balance at 30 September 2014	<u>72,541</u>	<u>68,534</u>	<u>74,137</u>	<u>(15,472)</u>	<u>(125)</u>	<u>(917)</u>	<u>10,911</u>	<u>4,007</u>

<u>In S\$'000</u> Company	<u>Total equity</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Warrants reserve</u>
3 months				
Balance at 1 July 2015	67,435	71,912	(15,388)	10,911
Total comprehensive income for the period	(10,541)	-	(10,541)	-
Purchase of treasury shares	(1,095)	(1,095)	-	-
Balance at 30 September 2015	<u>55,799</u>	<u>70,817</u>	<u>(25,929)</u>	<u>10,911</u>
Balance at 1 July 2014				
	60,820	63,329	(13,398)	10,889
Total comprehensive income for the period	2,347	-	2,347	-
Issue of ordinary shares	8,099	8,099	-	-
Issue of warrants	22	-	-	22
Reissuance of treasury shares	2,709	2,709	-	-
Balance at 30 September 2014	<u>73,997</u>	<u>74,137</u>	<u>(11,051)</u>	<u>10,911</u>
12 months				
Balance at 1 October 2014	73,997	74,137	(11,051)	10,911
Total comprehensive income for the period	(14,878)	-	(14,878)	-
Purchase of treasury shares	(3,320)	(3,320)	-	-
Balance at 30 September 2015	<u>55,799</u>	<u>70,817</u>	<u>(25,929)</u>	<u>10,911</u>
Balance at 1 October 2013				
	51,119	65,759	(14,640)	-
Total comprehensive income for the period	3,589	-	3,589	-
Issue of ordinary shares	8,099	8,099	-	-
Issue of warrants	10,911	-	-	10,911
Purchase of treasury shares	(2,719)	(2,719)	-	-
Share-based payments	289	289	-	-
Reissuance of treasury shares	2,709	2,709	-	-
Balance at 30 September 2014	<u>73,997</u>	<u>74,137</u>	<u>(11,051)</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 30 September 2015. In 4Q-14, 10,464,269 shares were issued at \$0.774 per share as part of consideration for the acquisition of subsidiaries.

As at 30 September 2015, the Company's total issued share capital is \$70,817,000 divided into 230,195,175 (30 September 2014: 234,932,975) shares.

Treasury shares

In 4Q-15, the Company purchased 1,637,800 (4Q-14: Nil) treasury shares.

As at 30 September 2015, the Company has 4,794,800 (30 September 2014: 57,000) shares being held as treasury shares.

Warrants

At 30 September 2015, 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.

	Number of ordinary shares	
	30-Sep-15	30-Sep-14
Issued and paid up	<u>230,195,175</u>	<u>234,932,975</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 2014.

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 2014, 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

Earnings per ordinary share <i>(based on consolidated net profit Attributable to owners of the Parent)</i>	3 months ended		12 months ended	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
	Cents	Cents	Cents	Cents
- Basic	(5.02)	(3.85)	4.17	(3.35)
- Fully diluted	<u>(5.02)</u>	<u>(3.85)</u>	<u>2.62</u>	<u>(3.35)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 233,378,973 (4Q-14: 223,213,240).

Fully diluted earnings per ordinary share were computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 371,991,164 (4Q-14: 223,213,240).

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	
	30-Sep-15	30-Sep-14	30-Sep-15	30-Sep-14
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>32.45</u>	<u>29.17</u>	<u>24.24</u>	<u>31.50</u>

The NAV per share as at 30 September 2015 is calculated based on 230,195,175 (30 September 2014: 234,932,975) 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**

Fourth Quarter 2015 ("4Q15") versus Fourth Quarter 2014 ("4Q14")

The Group's revenue decreased by \$2.0 million from \$20.1 million to \$18.2 million in 4Q15 compared to the same period a year ago mainly due to deconsolidation of Vina Offshore Engineering Co., Ltd ("Vina").

As a result of higher revenue from Rigging & Marine Services Pte Ltd, Marinelift Testing & Supply Pte Ltd (collectively "RMS & MTS") and Vigahs Marine Technologies Pte Ltd ("VMT") which command higher gross profit margins resulted in an overall improvement in the gross margin from 41% to 44% quarter on quarter.

Other gains in 4Q15 were negative due to an adjustment of \$4.9 million being made against profit from sale and leaseback of property at 72 Loyang Way from \$33.7 million to \$28.8 million based on the revised valuation.

Administrative expenses remained flat quarter-to-quarter as there was a reversal of professional fee in 4Q-15 which has partially offset against rental expenses arising from the above sale and leaseback transaction.

Other losses in 4Q15 were mainly made up of vessels impairment of \$11.4 million, offset by reversal of doubtful debts amounting to \$2.0 million against revenue.

Finance costs mainly consists of vessels financing secured by Technorr Marine Pte Ltd ("TNM") and interests on bank borrowings.

The Group posted a loss after tax of \$15.9 million compared to \$8.1 million for the corresponding period in 2014. Excluding the impairment of vessels and investments and, the adjustment made against profit from sale of property, the Group would have registered a loss of \$0.7 million in 4Q15.

Full Year September 2015 ("FY2015") versus Full Year September 2014 ("FY2014")

The Group's FY2015 revenue increased by \$4.9 million from \$69.2 million to \$74.2 million compared to FY2014 mainly due to full year's result consolidation of new subsidiaries RMS & MTS, VMT and TNM in 2015. The impact of the increase was mitigated by lower revenue contributions from construction business, deconsolidation of Vina Offshore Engineering Co., Ltd ("Vina") and business closure by M2E Corp (Suzhou) Co., Ltd ("M2E") in May 2015.

The Group reported a 6% increase in the gross profit margin at 43% due to RMS & MTS and VMT command a higher gross profit margin.

Other gains in FY2015 were mainly made up of \$2.2 million profit from sale of Vina, \$28.8 million profit from sale and leaseback of property and \$3.9 million foreign exchange gain, offset by \$2.5 million loss on disposal of fixed assets by M2E.

Administrative expenses increased by \$8.2 million in FY2015 compared to FY2014 were mainly due to addition of RMS & MTS expenses, depreciation expenses as well as rental expenses arising from the above sale and leaseback transaction. The increase in depreciation expenses was mainly due to vessels owned by TNM and assets owned by RMS & MTS.

Other losses in FY2015 were mainly made up of vessels impairment of \$11.4 million, receivables and inventories write-off by M2E totaled \$2.5 million and amortization expenses of \$1.2 million arising on acquisition of subsidiaries in 2014.

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

The Group posted a profit after tax of \$10.0 million for FY2015, compared to a net loss of \$6.9 million in FY2014. Excluding the one-off gains from sales of Vina and property, losses incurred by M2E and impairment of vessels and investments, the bottom line will be a loss of about \$1.9 million at the operating level.

Cash flows

The Group has positive cash from operations for the current periods primarily due to less working capital needs.

As at 30 September 2015, the Group's working capital was \$48.0 million, improved from a deficit of \$26.9 million as at 30 September 2014, mainly due to repayment of bank borrowings.

Statement of Financial Position Review (as at 30 September 2015 compared to 30 September 2014)

Property, Plant & Equipment

In tandem with the sale and leaseback of property, net book value of fixed assets decreased significantly from \$131.3 million at 30 September 2014 to \$89.3 million at 30 September 2015.

Inventories

Following the sale of Vina and cessation of M2E's business, inventories dropped from \$4.7 million at 30 September 2014 to \$2.2 million at 30 September 2015.

Trade and Other Receivables

Trade and other receivables increased by \$9.1 million from \$38.6 million at 30 September 2014 to \$47.7 million at 30 September 2015 mainly due to scheduled deferred payment of \$2.7m for sale of Vina and an increase in the amounts owing by associates amounting to \$6.7 million to fund their projects .

Cash and Bank Balances

The increase in cash and bank balances from \$8.7 million at 30 September 2014 to \$23.5 million at 30 September 2015 mainly attributed to the fixed deposits pledged to banks for banking facilities and proceeds received from sale of Vina.

Deferred Capital Gain

The deferred gain arising from the sale and leaseback of the property will be amortised over the 15 year lease period with effect from May 2015.

Trade and Other Payables

Trade and other payables decreased by \$3.3 million from \$36.5 million at 30 September 2014 to \$33.2 million at 30 September 2015 due to deconsolidation of Vina and repayment of debts.

Bank Borrowings

Bank borrowings decreased by \$53.6 million from \$96.7 million at 30 September 2014 to \$43.1 million at 30 September 2015 due to repayment of debts.

Gearing Ratio

The gearing ratio (total debts / net tangible assets) has improved from 1.34 as at 30 September 2014 to 0.57 as at 30 September 2015 mainly due to repayment of bank borrowings.

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

The Group is optimistic with the gas compressor leasing and liftboat markets. The Group will continue to grow its gas compressor business and explore more opportunities to develop liftboat business in ASEAN region.

With the completion of our water front development; we are able to provide extended addition services to our existing and new customers which specifically require marine services. For marine services we are able provide berthing of vessel, load and unloading oversize cargo; maintain/repair/replace or upgrade of mechanical work and etc.

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. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Business segments

	EPCC		CE		PS		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue								
External revenue	11,787	13,713	19,605	33,206	42,792	22,327	74,184	69,246
Results								
Recurring EBITDA	1,033	1,503	1,521	3,146	6,118	3,456	8,672	8,105
Depreciation	(1,185)	(1,520)	(2,000)	(3,606)	(4,221)	-	(7,406)	(5,126)
OPBIT	(152)	(17)	(479)	(460)	1,897	3,456	1,266	2,979
Unallocated interest income							61	41
Unallocated finance costs							(4,579)	(1,788)
Unallocated other gains							33,021	2,054
Unallocated other losses							(15,580)	(5,198)
Share of loss of associates							(4,723)	(4,153)
Profit (loss) before tax							9,466	(6,065)
Income tax expense							497	(878)
Profit (loss) from operations							9,963	(6,943)
Total assets for reportable segment	8,749	5,103	3,009	6,581	17,711	17,594	29,469	29,278
Unallocated:								
Property, plant and equipment							89,336	131,300
Investment in associate							598	5,227
Cash and cash equivalents							23,495	8,677
Inventories							2,168	4,711
Balance on construction contract costs							16,135	14,942
Finance lease receivables							2,089	3,210
Other unallocated amounts							22,368	14,672
Total group assets							185,658	212,017
Total liabilities for reportable segment	2,258	2,725	4,139	7,230	4,186	2,786	10,583	12,741
Unallocated:								
Deferred and current tax liabilities							2,757	4,353
Deferred capital gain							25,835	-
Borrowings							44,092	97,162
Due to customers on construction contracts							2,886	1,474
Other unallocated amounts							22,654	23,746
Total group liabilities							108,807	139,476

EPCC : Engineering, procurement, construction and commissioning
CE : Contract engineering
PS : Procurement services

Geographical information

	2015		2014	
	Revenue \$'000	Non-current assets \$'000	Revenue \$'000	Non-current assets \$'000
Singapore	34,739	18,730	28,549	50,895
Asean Ex Singapore	21,840	14,229	19,050	20,326
Others	17,605	62,335	21,647	72,953
	<u>74,184</u>	<u>95,294</u>	<u>69,246</u>	<u>144,174</u>

15. A breakdown of sales as follows:-

	FY2015 S\$'000	FY2014 S\$'000	Inc/ (Dec)
(a) Sales reported for first half year	38,485	29,838	29%
(b) Operating profit after income tax before deducting non-controlling interests reported for first half year	1,201	93	1,191%
(c) Sales reported for second half year	35,699	39,408	(9%)
(d) Operating profit (loss) after income tax before deducting non-controlling interests reported for second half year	8,762	(7,036)	225%

16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ting Yew Sue	62	-	Executive Chairman since April 2003	No Change
Ting Tiong Ching	39	Son of Ting Yew Sue	Group Managing Director since January 2014	No Change
Kelvin Ting Tiong Chau	31	Son of Ting Yew Sue	Application Manager since July 2011	No Change

BY ORDER OF THE BOARD

Robin Ting Yew Sue
Executive Chairman
25 November 2015