



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

Third Quarter Financial Statements for the Period Ended 30 June 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			9 months ended		
	30-Jun-15	30-Jun-14	Inc/(Dec) %	30-Jun-15	30-Jun-14	Inc/(Dec) %
Revenue	17,529	19,270	-9%	56,014	49,108	14%
Cost of sales	<u>(9,628)</u>	<u>(11,560)</u>	-17%	<u>(31,985)</u>	<u>(31,740)</u>	1%
Gross profit	7,901	7,710	2%	24,029	17,368	38%
Other items of income						
Interest income	4	10	-60%	27	29	-7%
Other gains	32,757	210	15499%	36,206	1,295	2696%
Other items of expense						
Marketing and distribution costs	(110)	(134)	-18%	(546)	(469)	16%
Administrative expenses	(8,790)	(5,086)	73%	(22,956)	(14,850)	55%
Other losses	(4,755)	(444)	971%	(5,346)	(654)	717%
Finance costs	(1,283)	(343)	274%	(3,724)	(945)	294%
Share of (loss) profit from equity -accounted associates	<u>(729)</u>	<u>(235)</u>	210%	<u>(895)</u>	<u>63</u>	-1521%
Profit before income tax	24,995	1,688	1381%	26,795	1,837	1359%
Income tax expense	<u>(330)</u>	<u>(599)</u>	-45%	<u>(929)</u>	<u>(655)</u>	42%
Profit for the period	24,665	1,089	2165%	25,866	1,182	2088%
Other comprehensive income/(loss)						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Cash flow hedge profit/(loss) from interest rate swaps	393	-	N.M.	(270)	-	N.M.
Exchange differences on translating foreign operations, net of tax	<u>109</u>	<u>(122)</u>	-189%	<u>(3)</u>	<u>(89)</u>	-97%
Other comprehensive income/(loss) for the period, net of tax	502	(122)	-511%	(273)	(89)	207%
Total comprehensive income for the period	<u>25,167</u>	<u>967</u>	2503%	<u>25,593</u>	<u>1,093</u>	2242%
Profit attributable to:						
Owners of the Parent	21,420	1,026	1988%	21,444	1,117	1820%
Non-controlling interests	<u>3,245</u>	<u>63</u>	5051%	<u>4,422</u>	<u>65</u>	6703%
Total profit	<u>24,665</u>	<u>1,089</u>	2165%	<u>25,866</u>	<u>1,182</u>	2088%
Total comprehensive income attributable to:						
Owners of the Parent	21,802	899	2325%	21,304	1,020	1989%
Non-controlling interests	<u>3,365</u>	<u>68</u>	4849%	<u>4,289</u>	<u>73</u>	5775%
Total comprehensive income	<u>25,167</u>	<u>967</u>	2503%	<u>25,593</u>	<u>1,093</u>	2242%

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		9 months ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
Depreciation of plant and equipment	1,831	729	5,934	3,244
(Reversal) Allowance for doubtful trade receivables	-	-	-	(11)
Amortisation of intangible assets	292	-	875	-
Allowance for trade receivables	2,702	172	2,703	172
Allowance for other receivables	357	-	357	-
Realised foreign exchange loss	240	71	245	220
Unrealised foreign exchange loss (gain)	390	33	(2,316)	44
Gain on disposal of subsidiary	(2,172)	-	(2,172)	(3)
Gain on disposal of associate	-	-	-	(121)
Gain on disposal of plant and equipment	(31,125)	-	(31,135)	(16)
Interest Income	(4)	(10)	(27)	(29)
Interest on borrowings	1,283	343	3,724	945
Share of loss (profit) of associates	306	235	472	(63)
(Reversal) Allowance for inventories	-	-	-	(30)
Inventories written off	1,427	162	1,404	190
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-Jun-15	30-Sep-14	30-Jun-15	30-Sep-14
ASSETS				
Non-current assets				
Property, plant and equipment	96,044	131,300	1	1
Intangible assets	4,437	5,312	-	-
Investment in subsidiaries	-	-	21,297	21,297
Investment in associates	4,833	5,227	300	300
Non-current portion of finance lease receivables	1,678	2,335	-	-
Total non-current assets	<u>106,992</u>	<u>144,174</u>	<u>21,598</u>	<u>21,598</u>
Current assets				
Inventories	2,271	4,711	-	-
Trade and other receivables	50,843	38,638	47,787	54,780
Current portion of finance lease receivables	875	875	-	-
Balance on construction contract costs	16,031	14,942	10	-
Cash and bank balances	21,766	8,677	25	12
Total current assets	<u>91,786</u>	<u>67,843</u>	<u>47,822</u>	<u>54,792</u>
Total assets	<u>198,778</u>	<u>212,017</u>	<u>69,420</u>	<u>76,390</u>
Capital, reserves and non-controlling interests				
Share capital	71,912	74,137	71,912	74,137
Retained earnings	5,972	(15,472)	(15,388)	(11,051)
Other reserves	9,729	9,869	10,911	10,911
Equity attributable to owners of the Parent	<u>87,613</u>	<u>68,534</u>	<u>67,435</u>	<u>73,997</u>
Non-controlling interests	7,646	4,007	-	-
Total equity	<u>95,259</u>	<u>72,541</u>	<u>67,435</u>	<u>73,997</u>
Non-current liabilities				
Deferred tax liabilities	2,817	3,046	582	582
Deferred capital gain	20,361	-	-	-
Other payables	6,384	8,240	-	-
Non-current portion of finance leases	664	301	-	-
Bank borrowings	33,658	33,117	-	-
Total non-current liabilities	<u>63,884</u>	<u>44,704</u>	<u>582</u>	<u>582</u>
Current liabilities				
Income tax payable	1,608	1,307	181	181
Deferred capital gain	1,464	-	-	-
Trade and other payables	25,494	28,247	1,222	1,630
Due to customers on construction contracts	3,872	1,474	-	-
Current portion of finance leases	290	154	-	-
Bank borrowings	6,907	63,590	-	-
Total current liabilities	<u>39,635</u>	<u>94,772</u>	<u>1,403</u>	<u>1,811</u>
Total liabilities	<u>103,519</u>	<u>139,476</u>	<u>1,985</u>	<u>2,393</u>
Total liabilities and equity	<u>198,778</u>	<u>212,017</u>	<u>69,420</u>	<u>76,390</u>

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-Jun-15		As at 30-Sep-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,600	1,597	56,078	7,666

Amount repayable after one year

As at 30-Jun-15		As at 30-Sep-14	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
33,207	1,115	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		9 months ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
Operating activities				
Profit before tax	24,995	1,688	26,795	1,837
Adjustments for:				
Amortisation expense	292	-	875	-
Depreciation expenses	1,831	729	5,934	3,244
Gain on disposal of property, plant and equipment	(31,125)	-	(31,135)	(16)
Gain on disposal of subsidiary	(2,172)	-	(2,172)	(3)
Interest income	(4)	(10)	(27)	(29)
Interest expense	1,283	343	3,724	945
Allowance for trade receivables	2,702	-	2,703	-
Allowance for other receivables	357	-	357	-
Reversal of deferred capital gain	(142)	-	(142)	-
Share-based payments	(97)	73	-	121
Share of loss (profit) of associates	729	235	895	(63)
Foreign exchange loss (gain)	390	33	(2,316)	44
Operating cash flows before changes in working capital	(961)	3,091	5,491	6,080
Inventories	1,071	(335)	1,309	(51)
Trade and other receivables	(6,111)	(10,985)	(2,885)	(16,309)
Balance on construction contract costs	(508)	(363)	(6,506)	(3,964)
Trade and other payables	(3,065)	8,424	(2,240)	17,444
Due to customers on construction contracts	4,340	(2,160)	2,398	(4,034)
Net cash flows (used in) from operations	(5,234)	(2,328)	(2,433)	(834)
Income taxes paid	(325)	(119)	(783)	(164)
Net cash flows (used in) from operating activities	(5,559)	(2,447)	(3,216)	(998)
Investing activities				
Purchase of property, plant and equipment (Note A)	(1,741)	(6,090)	(4,004)	(19,419)
Proceeds from sale of property, plant and equipment	86,330	1	86,341	35
Net cash outflows on acquisition of subsidiary	-	(2,106)	-	(3,938)
Increase in investment in associates	(500)	-	(500)	-
Cash contribution from non-controlling interests	-	-	-	245
Net cash inflows from sale of subsidiary (Note B)	3,940	-	3,940	-
Finance lease receivables	(438)	218	-	656
Interest received	661	10	684	29
Net cash flows from (used in) investing activities	88,252	(7,967)	86,461	(22,392)
Financing activities				
Dividends paid to non-controlling interest	(260)	-	(650)	-
Purchase of treasury shares	(1,098)	-	(2,225)	(2,719)
Proceeds from conversion of warrants, net	-	(2)	-	10,889
Net movements in amounts due to related parties	(3,478)	(2,591)	(6,047)	(9,210)
(Decrease) Increase in bank borrowings	(59,268)	9,801	(56,172)	17,589
Repayment of obligations under finance leases	(133)	(11)	(234)	(31)
Cash pledged	(12,096)	8,997	(9,727)	12,790
Interest paid	(1,409)	(343)	(3,725)	(945)
Net cash flows (used in) from financing activities	(77,742)	15,851	(78,780)	28,363
Net increase in cash and cash equivalents	4,951	5,437	4,465	4,973
Effects of exchange rate changes on the balance of cash held in foreign currencies	(97)	21	148	18
Cash and cash equivalents at beginning of period	2,707	1,392	2,948	1,859
Cash and cash equivalents at end of period	7,561	6,850	7,561	6,850

Notes

A. Purchase of plant and equipment:

In 3Q-15, the Group acquired plant and equipment with an aggregate cost of \$1,741,000 (3Q-14: \$6,090,000) of which \$43,000 (2014: \$Nil) was acquired under finance lease arrangements.

In YTD-15, the Group acquired plant and equipment with an aggregate cost of \$4,694,000 (YTD-14: \$19,419,000) of which \$733,000 (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 \$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	(6,431)
Cash and cash balances disposed of	(60)
Cash inflows on disposal	<u><u>3,940</u></u>

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

In S\$'000	30-Jun-15	30-Jun-14
Cash	21,766	18,146
Less: Cash pledged	<u>(14,205)</u>	<u>(11,296)</u>
Cash and cash equivalents	<u><u>7,561</u></u>	<u><u>6,850</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 April 2015	71,450	66,909	73,010	(15,448)	(162)	(1,402)	10,911	4,541
Total comprehensive income for the period	25,167	21,802	-	21,420	94	288	-	3,365
Dividend paid	(260)	-	-	-	-	-	-	(260)
Purchase of treasury shares	(1,098)	(1,098)	(1,098)	-	-	-	-	-
Balance at 30 June 2015	<u>95,259</u>	<u>87,613</u>	<u>71,912</u>	<u>5,972</u>	<u>(68)</u>	<u>(1,114)</u>	<u>10,911</u>	<u>7,646</u>
Balance at 1 April 2014	65,942	66,215	63,329	(7,911)	(94)	-	10,891	(273)
Total comprehensive income for the period	967	899	-	1,026	(127)	-	-	68
Issue of warrants	(2)	(2)	-	-	-	-	(2)	-
Balance at 30 June 2014	<u>66,907</u>	<u>67,112</u>	<u>63,329</u>	<u>(6,885)</u>	<u>(221)</u>	<u>-</u>	<u>10,889</u>	<u>(205)</u>
9 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	25,593	21,304	-	21,444	57	(197)	-	4,289
Dividend paid	(650)	-	-	-	-	-	-	(650)
Purchase of treasury shares	(2,225)	(2,225)	(2,225)	-	-	-	-	-
Balance at 30 June 2015	<u>95,259</u>	<u>87,613</u>	<u>71,912</u>	<u>5,972</u>	<u>(68)</u>	<u>(1,114)</u>	<u>10,911</u>	<u>7,646</u>
Balance at 1 October 2013	55,938	57,633	65,759	(8,002)	(124)	-	-	(1,695)
Total comprehensive income for the period	1,093	1,020	-	1,117	(97)	-	-	73
Acquisition of subsidiary	1,175	-	-	-	-	-	-	1,175
Incorporation of subsidiary	245	-	-	-	-	-	-	245
Issue of warrants	10,889	10,889	-	-	-	-	10,889	-
Purchase of treasury shares	(2,719)	(2,719)	(2,719)	-	-	-	-	-
Subsidiary de-registered	(3)	-	-	-	-	-	-	(3)
Transfer of treasury shares	289	289	289	-	-	-	-	-
Balance at 30 June 2014	<u>66,907</u>	<u>67,112</u>	<u>63,329</u>	<u>(6,885)</u>	<u>(221)</u>	<u>-</u>	<u>10,889</u>	<u>(205)</u>

<u>In S\$'000</u>	<u>Total equity</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Warrants reserve</u>
Company				
<u>3 months</u>				
Balance at 1 April 2015	73,585	73,010	(10,336)	10,911
Total comprehensive income for the period	(5,052)	-	(5,052)	-
Purchase of treasury shares	(1,098)	(1,098)	-	-
Balance at 30 June 2015	<u>67,435</u>	<u>71,912</u>	<u>(15,388)</u>	<u>10,911</u>
Balance at 1 April 2014	60,382	63,329	(13,838)	10,891
Total comprehensive income for the period	440	-	440	-
Issue of warrants	(2)	-	-	(2)
Balance at 30 June 2014	<u>60,820</u>	<u>63,329</u>	<u>(13,398)</u>	<u>10,889</u>
<u>9 months</u>				
Balance at 1 October 2014	73,997	74,137	(11,051)	10,911
Total comprehensive income for the period	(4,337)	-	(4,337)	
Purchase of treasury shares	(2,225)	(2,225)	-	-
Balance at 30 June 2015	<u>67,435</u>	<u>71,912</u>	<u>(15,388)</u>	<u>10,911</u>
Balance at 1 October 2013	51,119	65,759	(14,640)	-
Total comprehensive income for the period	1,242	-	1,242	
Issue of warrants	10,889	-	-	10,889
Purchase of treasury shares	(2,719)	(2,719)	-	-
Transfer of treasury shares	289	289	-	-
Balance at 30 June 2014	<u>60,820</u>	<u>63,329</u>	<u>(13,398)</u>	<u>10,889</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 June 2015 (3Q-14: Nil).

As at 30 June 2015, the Company's total issued share capital is \$71,912,000 divided into 234,989,975 (30 June 2014: 224,525,706) shares.

Treasury shares

In 3Q-15, the Company purchased 1,500,000 (3Q-14: Nil) treasury shares.

As at 30 June 2015, the Company has 3,157,000 (30 June 2014: 3,557,000) shares being held as treasury shares.

Warrants

At 30 June 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-Jun-15	30-Sep-14
Issued and paid up	<u>231,832,975</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		9 months ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
	cents	cents	Cents	Cents
- Basic	9.20	0.46	9.21	0.50
- Fully diluted	5.78	0.36	5.79	0.40

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 232,713,049 (3Q-14: 221,634,039).

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 370,286,791 (3Q-14: 282,344,602).

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-Jun-15	30-Sep-14	30-Jun-15	30-Sep-14
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	37.79	29.17	29.09	31.50

The NAV per share as at 30 June 2015 is calculated based on 231,832,975 (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**

Review of Performance

The Group's revenue decreased by \$1.8 million from \$19.3 million to \$17.5 million in the 3 months ended 30 June 2015 ("3Q15") compared to the same period a year ago ("3Q14") mainly due to lower revenue contributions from construction business and deconsolidation of Vina Offshore Engineering Co., Ltd ("Vina"). The impact of the decrease was mitigated by the new source of revenue contribution from the newly acquired subsidiaries, namely Rigging & Marine Services Pte Ltd, Marinelift Testing & Supply Pte Ltd (collectively "RMS & MTS") and also newly incorporated subsidiary Technorr Marine Pte Ltd ("TNM").

The Group's revenue for nine months ended 30 June 2015 ("9M15") increased by \$6.9 million from \$49.1 million to \$56.0 million compared to the same period a year ago ("9M14") was mainly due to addition of RMS & MTS and TNM.

For 3Q-15, the Group reported a 5% increase in the gross profit margin at 45% due to RMS and MTS commands a higher gross profit margin. Gross profit for 9M15 also experienced an 8% increase to 43% compared to 9M14.

Other gains in 3Q15 and 9M15 were mainly made up of \$2.2 million profit from sale of Vina and \$33.7 million profit from sale and leaseback of property at 72 Loyang Way, offset by \$4.3 million loss on disposal of fixed assets by M2E.

Administrative expenses increased by \$3.7 million in 3Q15 and \$8.1 million in 9M15 respectively compared to the same periods in 2014 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 3Q-15 and in 9M15 were mainly made up of doubtful debts of \$3.1 million, write-off of inventories costs \$1.4 million as a result of business closure by M2E Corp (Suzhou) Co., Ltd ("M2E") in May 2015 and amortization expenses arising on acquisition of subsidiaries in 2014.

Finance costs increased by \$0.9 million in 3Q15 and \$2.8 million in 9M15 mainly due to vessels financing secured by TNM since July 2014.

The Group posted profit after tax of \$24.7 million and \$25.9 million for 3Q15 and 9M15 respectively, compared to \$1.1 million and \$1.2 million for the respective corresponding periods in 2014. Excluding the one-off gains from sale of Vina, sale of property and losses to-date incurred by M2E, the bottom line will be a loss of about \$3 million and \$1.0 million for 3Q15 and 9M15 respectively at the operating level.

Cash flows

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

As at 30 June 2015, the Group's working capital was \$52.2 million, improved from a deficit of \$26.9 million as at 30 September 2014, mainly due to repayment of bank borrowings.

Review of Statement of Financial Position

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 \$96.0 million at 30 June 2015.

Inventories

Following the sale of Vina and cessation of M2E's business, inventories dropped from \$4.7 million at 30 September 2014 to \$2.3 million at 30 June 2015.

Trade and Other Receivables

Trade and other receivables increased by \$12.2 million from \$38.6 million at 30 September 2014 to \$50.8 million at 30 June 2015 mainly due to addition of RMS & MTS.

Cash and Bank Balances

The increase in cash and bank balances from \$8.7 million at 30 September 2014 to \$21.8 million at 30 June 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, which will be amortised over the 15 year lease period.

Trade and Other Payables

Trade and other payables decreased by \$4.6 million from \$36.5 million at 30 September 2014 to \$31.9 million at 30 June 2015 due to deconsolidation of Vina and repayment of debts.

Bank Borrowings

Bank borrowings decreased by \$56.1 million from \$96.7 million at 30 September 2014 to \$40.6 million at 30 June 2015 due to repayment of debts.

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

We acknowledge that market conditions remain difficult, but the Group remains cautiously optimistic of its performance for the remainder of the year. The Group will strive to maintain its proven track record in the industry and to broaden its revenue streams from complementary business especially equipment leasing business.

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. Use of proceeds

In 3Q-15, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2013.

As at 30 June 2015, the balance of proceeds was \$200,000.

15. 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 third quarter ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**Robin Ting Yew Sue
Executive Chairman
12 August 2015**