



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2013

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	Increase/ (Decrease) %
Revenue	15,700	11,213	40
Cost of Sales	(10,748)	(6,229)	73
Gross Profit	4,952	4,984	(1)
<u>Other Items of Income</u>			
Interest Income	-	60	(100)
Other Credits	575	379	52
<u>Other Items of Expense</u>			
Marketing and Distribution Costs	(188)	(227)	(17)
Administrative Expenses	(4,674)	(4,667)	nm
Other Charges	(229)	(164)	40
Finance Costs	(325)	(233)	39
Share of Profit from Equity-Accounted Associates	223	773	(71)
Profit Before Tax from Continuing Operations	334	905	(63)
Income Tax Expenses	(13)	(241)	(95)
Profit Net of Tax	321	664	(52)
<u>Other Comprehensive Income:</u>			
Items That May Be Reclassified Subsequently to Profit or Loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(28)	(120)	(77)
Total Comprehensive Income	293	544	(46)
Profit Attributable to Owners of Parent, Net of Tax	343	711	(52)
Loss Attributable to Non-Controlling Interests, Net of Tax	(22)	(47)	(53)
Profit Net of Tax	321	664	(52)
Total Comprehensive Income Attributable to Owners of Parent	321	592	(46)
Total Comprehensive Loss Attributable to Non-Controlling Interests	(28)	(48)	(42)
Total Comprehensive Income	293	544	(46)

nm: not meaningful

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1(a)(ii) Notes to Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	Group Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000	Increase/ (Decrease) %
Allowance for impairment of trade receivables - reversal	11	-	nm
Depreciation of property, plant and equipment	(1,251)	(1,197)	5
Interest income	-	60	(100)
Interest on borrowings	(325)	(233)	39
Inventories written off	(28)	(21)	33
Loss on disposal of property, plant and equipment	-	(84)	100
Provision for diminution in value of inventory – reversal	-	245	(100)
Reimbursement of legal cost arising from litigation settlement	300	-	nm
Realised foreign exchange (loss)/gain	(45)	22	nm
Unrealised foreign exchange loss	(144)	(81)	78
Share of profit of equity-accounted associates	223	773	(71)

nm: not meaningful

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1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Group		Company	
	31/12/2013 S\$'000	30/09/2013 S\$'000	31/12/2013 S\$'000	30/09/2013 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment, Total	45,894	43,206	1	1
Investment in Subsidiaries	-	-	7,609	7,659
Investment in Associates	12,044	11,821	421	421
Finance Lease Receivables, Non-Current	2,991	3,210	-	-
Total Non-Current Assets	60,929	58,237	8,031	8,081
Current Assets				
Inventories	3,804	4,151	-	-
Trade and Other Receivables, Current	26,814	30,024	41,495	34,273
Finance Lease Receivables, Current	875	875	-	-
Other Assets, Current	20,133	15,320	20	18
Cash and Cash Equivalents	28,072	25,968	11,691	10,077
Total Current Assets	79,698	76,338	53,206	44,368
Total Assets	140,627	134,575	61,237	52,449
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Parent				
Share Capital	63,040	65,759	63,040	65,759
Accumulated Losses	(7,659)	(8,002)	(14,251)	(14,640)
Other Reserves, Total	10,765	(124)	10,911	-
Equity Attributable to Owners of the Parent, Total	66,146	57,633	59,700	51,119
Non-Controlling Interests	(1,481)	(1,695)	-	-
Total Equity	64,665	55,938	59,700	51,119
Total-Current Liabilities				
Deferred Tax Liabilities	1,329	1,329	582	582
Finance Lease, Non-Current	164	174	-	-
Other Finance Liabilities, Non-Current	1,500	1,750	-	-
Total Non-Current Liabilities	2,993	3,253	582	582
Current Liabilities				
Income Tax Payable	263	365	68	68
Trade and Other Payables, Current	19,085	15,132	887	680
Other Liabilities, Current	5,962	8,000	-	-
Finance Lease, Current	40	40	-	-
Other Financial Liabilities, Current	47,619	51,847	-	-
Total Current Liabilities	72,969	75,384	955	748
Total Liabilities	75,962	78,637	1,537	1,330
Total Equity and Liabilities	140,627	134,575	61,237	52,449

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2013		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
30,040	17,619	30,040	21,847

Amount repayable after one year

As at 31/12/2013		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
164	1,500	173	1,750

Details of any collateral

The above secured liabilities are secured by way of charge/legal mortgage on the leasehold properties of subsidiaries.

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2013

	Group Q1 FY2014 S\$'000	Group Q1 FY2013 S\$'000
Cash Flow From Operating Activities		
Profit Before Tax	334	905
Adjustments for:		
Depreciation of Property, Plant and Equipment	1,251	1,197
Foreign Exchange Adjustment Loss	144	81
Interest Income	-	(60)
Interest Expense	325	233
Loss on Disposal of Plant and Equipment	-	84
Share of Profit of Associates	(223)	(773)
Operating Cash Flows before Changes in Working Capital	1,831	1,667
Trade and Other Receivables, Current	3,101	5,999
Other Assets, Current	(4,813)	(3,689)
Inventories	367	(816)
Trade and Other Payables, Current	3,846	(3,413)
Other Liabilities, Current	(2,039)	(1,722)
Net Cash Flows From/(Used in) Operations Before Tax	2,293	(1,974)
Income Taxes Paid	(115)	(910)
Net Cash Flows From/(Used in) Operating Activities	2,178	(2,884)
Cash Flows From Investing Activities		
Finance Lease Receivables	219	219
Purchase of Property, Plant and Equipment	(3,861)	(653)
Investment in Subsidiary (Contribution from Non-Controlling Interests)	245	-
Interest Received	-	60
Net Cash Flows Used in Investing Activities	(3,397)	(374)
Cash Flows From Financing Activities		
Decrease in Other Financial Liabilities	(4,948)	(5,349)
Increase From New Borrowings	399	2,331
Finance Lease Repayments	(10)	(6)
Purchase of Treasury Shares	(2,719)	-
Issue of Warrants	10,911	-
Cash Restricted in Use	1,584	-
Interest Paid	(325)	(233)
Net Cash Flows From/(Used in) Financing Activities	4,892	(3,257)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,673	(6,515)
Net Effect of Exchange Rate Changes	35	39
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	1,859	8,147
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	5,567	1,671

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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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Equity attributable to Owners of the Parent, Total	Share Capital	(Accumulated losses)/ Retained Earnings	Warrants Reserve	Foreign Currency Translation Reserve	Non- Controlling Interest
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group – Q1							
Balance at 1 October 2013	55,938	57,633	65,759	(8,002)	-	(124)	(1,695)
Movements in Equity:							
Total comprehensive income for the period	293	321	-	343	-	(22)	(28)
Investment in subsidiary	245	-	-	-	-	-	245
Liquidation of subsidiary	(3)	-	-	-	-	-	(3)
Issue of warrants	10,911	10,911	-	-	10,911	-	-
Purchase of treasury shares	(2,719)	(2,719)	(2,719)	-	-	-	-
Balance at 31 December 2013	64,665	66,146	63,040	(7,659)	10,911	(146)	(1,481)
Group – Q4							
Balance at 1 October 2012	55,136	56,665	54,524	1,911	-	230	(1,529)
Movements in Equity:							
Total comprehensive income for the period	544	592	-	711	-	(119)	(48)
Balance at 31 December 2012	55,680	57,257	54,524	2,622	-	111	(1,577)
Company – Q1							
Balance at 1 October 2013	51,119	-	65,759	(14,640)	-	-	-
Movements in Equity:							
Total comprehensive income for the period	389	-	-	389	-	-	-
Issue of warrants	10,911	-	-	-	10,911	-	-
Purchase of treasury shares	(2,719)	-	(2,719)	-	-	-	-
Balance at 31 December 2013	59,700	-	63,040	(14,251)	10,911	-	-
Company – Q4							
Balance at 1 October 2012	50,633	-	54,524	(3,891)	-	-	-
Movements in Equity:							
Total comprehensive income for the period	212	-	-	212	-	-	-
Balance at 31 December 2012	50,845	-	54,524	(3,679)	-	-	-

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 or 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issue share capital

	Number of shares	Share capital (\$’000)
As at 1 October 2013	224,512,706	65,759
Purchase of treasury shares	(3,984,000)	(2,719)
As at 31 December 2013	220,528,706	63,040

Treasury shares

	Group and Company	
	Q1 FY2014	Q1 FY2013
As at 1 October	13,000	13,000
Purchase of treasury shares	3,984,000	-
As at 31 December	3,997,000	13,000

As announced on 12 December 2013, the Company has completed the renounceable non-underwritten rights issue of 89,805,082 warrants (“Warrants”) at an issue price of S\$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 the capital of the Group at a price of S\$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 the SGX-ST on 16 December 2013. The Warrants may be exercised on the market day immediately preceding the third anniversary of the date of issue of the Warrants (i.e. 9 December 2016).

(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

The total number of issued shares excluding treasury shares as at 31 December 2013 was 220,528,706 shares (30 September 2013: 224,512,706 shares).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period ended 31 December 2013.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 unaudited financial statements have been prepared by applying policies and methods of computation consistent with those used in the preparation of the most recently audited financial statements.

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

There were no changes in accounting policies and methods of computation used in the preparation of the financial information in this announcement.

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

Earnings per ordinary share based on profit net of tax attributable to owners of the Company:

	Group Q1 FY2014	Group Q1 FY2013
(a) Based on weighted average number of ordinary share in issue (in SGD cents)	0.15	0.33
Weighted average number of ordinary shares excluding treasury shares	<u>223,184,706</u>	<u>213,812,706</u>
(b) On a fully diluted basis (in SGD cents)	0.12	0.33
Weighted average number of ordinary shares excluding treasury shares	<u>286,208,948</u>	<u>213,812,706</u>

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	31/12/2013		30/09/2013	
	Group	Company	Group	Company
Net asset value per ordinary share (in SGD cents)	30.00	27.07	25.67	22.77

The Group's net asset backing per share above has been calculated based on equity attributable to owners of the company of S\$66,146,000 and a share capital of 220,528,706 ordinary shares excluding treasury shares of 3,997,000 ordinary shares (FY2013: S\$57,633,000 and a share capital of 224,512,706 ordinary shares excluding treasury shares of 13,000 ordinary shares).

The Company's net asset backing per share above has been calculated based on equity attributable to owners of the company of S\$59,700,000 and a share capital of 220,528,706 ordinary shares excluding treasury shares of 3,997,000 ordinary shares (FY2013: S\$51,119,000 and a share capital of 224,512,706 ordinary shares excluding treasury shares of 13,000 ordinary shares).

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

Consolidated Statement of Comprehensive Income Review – Q1 FY2014 ended 31 December 2013

The Group's revenue increased by S\$4.49 million or 40% year-on-year ("yoy") to S\$15.70 million in the first quarter ended 31 December 2013 ("Q1 FY2014") compared to the corresponding period of the last financial year ("Q1 FY2013") due to an increase in the contributions from the subsidiaries but compromise with a lower gross profit margin of 32% as compared to 44% a year ago.

Cost of sales increased by S\$4.52 million or 73% to S\$10.75 million in Q1 FY2014 in line with an increase in revenue.

The Group achieved profit after tax of S\$0.32 million before non-controlling interest for Q1 FY2014, as compared to S\$0.66 million in Q1 FY2013.

Basic earnings per share for Q1 FY2014 were 0.15 Singapore cents; or 0.12 Singapore cents on a fully diluted basis.

Operating expenses

Finance costs increased marginally by S\$0.09 million or 39% yoy in Q1 FY2014, mainly due to an increase on utilization of bank trade facilities.

The Group's administrative expenses increased marginally by S\$7,000 in Q1 FY2014 in line with an increase in revenue.

Other charges

The Group's other charges increased by S\$0.07 million in Q1 FY2014 as compared to Q1 FY2013 mainly due to the unrealized loss in foreign exchange.

Statement of Financial Position Review (as at 31 December 2013 compared to 30 September 2013)

Cash and cash equivalent

Cash and cash equivalent increased by S\$2.10 million or 8% to S\$28.07 million as at 31 December 2013 from S\$25.97 million as at 30 September 2013.

Other Assets

Other assets increased by S\$4.81 million or 31% to S\$20.13 million as at 31 December 2013 compared to S\$15.32 million as at 30 September 2013.

Trade and other receivables

Trade and other receivables decreased by S\$3.21 million or 11% to S\$26.81 million as at 31 December 2013 compared to S\$30.02 million as at 30 September 2013 due to decrease in progress billings milestone.

Property, plant & equipment

Property, plant & equipment increased by S\$2.69 million or 6% to S\$45.89 million as at 31 December 2013 from S\$43.21 million as at 30 September 2013 mainly due to the capitalization of equipments for the leasing business.

Other financial liabilities

Other financial liabilities decreased by S\$4.48 million or 8% to S\$49.12 million as at 31 December 2013 from S\$53.60 million as at 30 September 2013 was mainly due to lower utilization of bank trade facilities.

Trade and other payables

Trade and other payables increased by S\$3.95 million or 26% to S\$19.09 million as at 31 December 2013 from S\$15.13 million as at 30 September 2013.

Gearing Ratio

The gearing ratio (total debts / net tangible assets) has improved from 0.96 as at 30 September 2013 to 0.76 as at 31 December 2013 due to the decrease in total debts.

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

No profit forecast or profit guarantee has been issued for the period under review.

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

Project schedules are typically subject to changes that could be due to various factors, e.g. customers requesting variations to original project specifications, or adjustment to shipment schedules by overseas manufacturers of major equipment, notably premium-branded engines of non-standard specifications.

Our customers, who are mainly, oil and gas majors, leading FPSO operators and end-users, maintain longer term perspectives on their operation requirements that are not affected by the fluctuation of oil prices. Hence, they are continuing with the previously agreed schedules for the delivery of contracts awarded to us.

Pipeline projects within the regional market for which the Group has already submitted proposals, or is continuing to follow up with prospective customers, are proceeding and indicative timelines are remaining on-track.

Nevertheless, given the extent of the global credit crunch that has impacted the world's major economies; the Group remains alert on new challenges that may arise in its external environment.

Pursuant to the announcement made on 31 July 2013 in relation to the business update with regard to the construction of jetty and new building, and in 2012, the Group has embarked on the upgrading of its existing jetty to cater for future usage by offshore vessels.

In addition, the Group is constructing a new building block at its existing property at 72 Loyang Way Singapore. Subject to the approval of the Jurong Town Corporation and such other government authorities (where required), the Group intends to sublet some of the premises in this new building to potential users who are operating in the marine-related and offshore oil & gas industry. This is intended to add a new revenue stream to the Group and to enable the Group to foster a closer working relationship with the relevant industry operators, with a view to creating new business potential for its core business activities as an offshore oil and gas service provider.

In addition, in the furtherance of the Company's expansion of its range of engineering services in order to offer total engineering solutions to a variety of key customers, the Group also offers these customers the opportunity to lease equipment from the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders from 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 first quarter ended 31 December 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ROBIN TING YEW SUE
EXECUTIVE CHAIRMAN AND GROUP MANAGING DIRECTOR
24 January 2014