



TECHNICS OIL & GAS LIMITED

(Company Registration Number: 200205249E)

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014

1(a)(i) 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 Q2 FY2014 S\$'000	Group Q2 FY2013 S\$'000	Increase/ (Decrease) %	Group 6 months ended 31/03/2014 S\$'000	Group 6 months ended 31/03/2013 S\$'000	Increase/ (Decrease) %
Revenue	14,138	8,155	73	29,838	19,368	54
Cost of Sales	(9,432)	(3,869)	nm	(20,180)	(10,098)	100
Gross Profit	4,706	4,286	10	9,658	9,270	4
Other Items of Income						
Interest Income	19	18	6	19	78	(76)
Other Credits	510	729	(30)	1,085	1,108	(2)
Other Items of Expense						
Marketing and Distribution Costs	(147)	(232)	(37)	(335)	(459)	(27)
Administrative Expenses	(5,090)	(5,220)	(2)	(9,764)	(9,887)	(1)
Finance Costs	(277)	(195)	42	(602)	(428)	41
Other Charges	19	44	(57)	(210)	(120)	75
Share of Profit from Equity-Accounted Associates	75	672	(89)	298	1,445	(79)
(Loss)/Profit Before Income Tax from Continuing Operations	(185)	102	nm	149	1,007	(85)
Income Tax Expense	(43)	(1)	nm	(56)	(242)	(77)
(Loss)/Profit Net of Tax	(228)	101	nm	93	765	(88)
Other Comprehensive (Loss)/Income:						
Items that May Be Reclassified Subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	61	104	(42)	33	(16)	nm
Total comprehensive (Loss)/Income	(167)	205	nm	126	749	(83)
(Loss)/Profit Attributable Owners of the Parent, Net of Tax	(252)	143	nm	91	854	(89)
Profit/(Loss) Attributable to Non-Controlling Interests	24	(42)	nm	2	(89)	(102)
(Loss)/Profit Net of Tax	(228)	101	nm	93	765	(88)

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Group Q2 FY2014 S\$'000	Group Q2 FY2013 S\$'000	Increase/ (Decrease) %	Group 6 months ended 31/03/2014 S\$'000	Group 6 months ended 31/03/2013 S\$'000	Increase/ (Decrease) %
Total Comprehensive (Loss)/Income Attributable to Owners of the Parent, Net of Tax	(200)	257	nm	121	849	(86)
Total Comprehensive Income /(Loss) Attributable to Non- Controlling Interests	33	(52)	nm	5	(100)	(105)
Total Comprehensive (Loss)/Income	(167)	205	nm	126	749	(83)

nm: not meaningful

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1(a)(ii) Notes to Consolidated Statement of Comprehensive Income:

	Group Q2 FY2014 S\$'000	Group Q2 FY2013 S\$'000	Increase/ (Decrease) %	Group 6 months 31/03/2014 S\$'000	Group 6 months 31/03/2013 S\$'000	Increase/ (Decrease) %
Allowance for impairment of trade receivables - Reversal	-	-	nm	11	-	nm
Depreciation of property, plant and equipment	(1,264)	(1,373)	(8)	(2,515)	(2,570)	(2)
Gain/(loss) on disposal of plant and equipment	16	-	nm	16	(84)	(119)
Gain on disposal of subsidiary	3	-	nm	3	-	nm
Gain on disposal of associate	121	-	nm	121	-	nm
Interest income	19	18	6	19	78	(76)
Interest on borrowings	(277)	(195)	42	(602)	(428)	41
Inventories written off	-	(8)	(100)	(28)	(29)	(3)
Provision for diminution in value of inventory - Reversal	30	-	nm	30	245	(88)
Reimbursement of legal cost arising from litigation settlement	-	-	nm	300	-	nm
Realised foreign exchange (loss)/gain	(104)	8	nm	(149)	30	nm
Unrealised foreign exchange gain/(loss)	134	464	(71)	(10)	383	(103)
Share of profit from equity-accounted associates	75	672	(89)	298	1,445	(79)

nm: not meaningful

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 MARCH 2014

	Group		Company	
	31/03/2014 S\$'000	30/09/2013 S\$'000	31/03/2014 S\$'000	30/09/2013 S\$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment, Total	54,652	43,206	1	1
Investment in Subsidiaries	-	-	7,609	7,659
Investment in Associates	12,119	11,821	300	421
Finance Lease Receivables, Non-Current	2,772	3,210	-	-
Intangible Assets	1,761	-	-	-
Total Non-Current Assets	71,304	58,237	7,910	8,081
Current Assets				
Inventories	3,867	4,151	-	-
Trade and Other Receivables, Current	39,082	30,024	43,844	34,273
Finance Lease Receivables, Current	875	875	-	-
Other Assets, Current	19,248	15,320	44	18
Cash and Cash Equivalents	21,677	25,968	10,121	10,077
Total Current Assets	84,749	76,338	54,009	44,368
Total Assets	156,053	134,575	61,919	52,449
EQUITY AND LIABILITIES				
Equity attributable to owners of the Parent				
Share Capital	63,340	65,759	63,340	65,759
Accumulated losses	(7,911)	(8,002)	(13,838)	(14,640)
Other Reserves, Total	10,786	(124)	10,880	-
Equity, Attributable to Owners of the Parent, Total	66,215	57,633	60,382	51,119
Non-controlling Interests	(273)	(1,695)	-	-
Total Equity	65,942	55,938	60,382	51,119
Non-Current Liabilities				
Deferred Tax	1,369	1,329	582	582
Finance Lease, Non-Current	160	174	-	-
Other Financial Liabilities, Non-Current	1,344	1,750	-	-
Total Non-Current Liabilities	2,873	3,253	582	582
Current Liabilities				
Income Tax Payable	661	365	181	68
Trade and Other Payables, Current	27,304	15,132	774	680
Other Liabilities, Current	5,558	8,000	-	-
Finance Lease, Current	42	40	-	-
Other Financial Liabilities, Current	53,673	51,847	-	-
Total Current Liabilities	87,238	75,384	955	748
Total Liabilities	90,111	78,637	1,537	1,330
Total Equity and Liabilities	156,053	134,575	61,919	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 31/03/2014		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
33,042	20,673	30,040	21,847

Amount repayable after one year

As at 31/03/2014		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
160	1,344	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 MARCH 2014

	Group Q2 FY2014 S\$'000	Group Q2 FY2013 S\$'000	Group 6 months 31/03/2014 S\$'000	Group 6 months 31/03/2013 S\$'000
Cash Flow From Operating Activities				
(Loss)/Profit Before Tax	(185)	102	149	1,007
Adjustments for:				
Depreciation of Property, Plant and Equipment	1,264	1,373	2,515	2,570
Interest Income	(19)	(18)	(19)	(78)
Interest Expense	277	195	602	428
Share Based Payments	48	-	48	-
Share of Profit from Equity-Accounted Associates	(75)	(672)	(298)	(1,445)
Gain on Disposal of Subsidiary	(3)	-	(3)	-
(Gain)/Loss on Disposal of Plant and Equipment	(16)	-	(16)	84
Foreign Exchange Adjustment (Gain)/Loss	(133)	(464)	11	(383)
Operating Cash Flows before Changes in Working Capital	1,158	516	2,989	2,183
Inventories	(83)	554	284	(262)
Trade and Other Receivables	(8,339)	6,025	(5,238)	12,024
Other Assets	1,126	3,182	(3,687)	(507)
Trade and Other Payables	5,743	(6,640)	9,589	(10,053)
Other Liabilities	(404)	48	(2,443)	(1,674)
Net Cash Flows (Used in)/From Operations	(799)	3,685	1,494	1,711
Income Tax Refund/(Paid)	70	(1,085)	(45)	(1,995)
Net Cash Flows (Used In)/From Operating Activities	(729)	2,600	1,449	(284)
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(9,468)	(1,260)	(13,329)	(1,913)
Disposal of Property, Plant and Equipment	34	-	34	-
Investment in Subsidiary (Contribution from Non-Controlling Interests)	-	-	245	-
Acquisition of Subsidiary	(1,832)	-	(1,832)	-
Finance Lease Receivables	219	219	438	438
Interest Received	19	18	19	78
Net Cash Flows Used In Investing Activities	(11,028)	(1,023)	(14,425)	(1,397)
Cash Flows From Financing Activities				
Purchase of Treasury Shares	-	-	(2,719)	-
Issues of Shares	-	11,235	-	11,235
Issues of Warrants	(20)	-	10,891	-
Decrease in Other Financial Liabilities	(1,671)	(19,823)	(6,619)	(25,172)
Increase from New Borrowings	7,389	12,148	7,788	14,479
Finance Lease Repayments	(10)	(5)	(20)	(11)
Cash Restricted in Use	2,209	-	3,793	-
Interest Paid	(277)	(194)	(602)	(427)
Net Cash Flows From Financing Activities	7,620	3,361	12,512	104

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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2014
(CONT'D)

	Group	Group	Group	Group
	Q2 FY2014	Q2 FY2013	6 months	6 months
	S\$'000	S\$'000	31/03/2014	31/03/2013
			S\$'000	S\$'000
Net (Decrease)/Increase in Cash and Cash				
Equivalents	(4,137)	4,938	(464)	(1,577)
Net Effect of Exchange Rate Changes	(38)	238	(3)	277
Cash and Cash Equivalents, Statement of Cash				
Flows, Beginning Balance	5,567	1,671	1,859	8,147
Cash and Cash Equivalents, Statement of Cash				
Flows, Ending Balance	<u>1,392</u>	<u>6,847</u>	<u>1,392</u>	<u>6,847</u>

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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	Loss on Reissuance of Treasury Shares	Warrants Reserve	Foreign Currency Translation Reserve	Non- Controlling Interest
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group – Q2								
Balance at 1 January 2014	64,665	66,146	63,040	(7,659)	-	10,911	(146)	(1,481)
Movements in Equity:								
Total comprehensive (loss)/income for the period	(167)	(200)	-	(252)	-	-	52	33
Acquisition of subsidiary	1,175	-	-	-	-	-	-	1,175
Issue of warrants	(20)	(20)	-	-	-	(20)	-	-
Transfer of treasury shares	289	289	300	-	(11)	-	-	-
Balance at 31 March 2014	65,942	66,215	63,340	(7,911)	(11)	10,891	(94)	(273)
Balance at 1 January 2013	55,680	57,257	54,524	2,622	-	-	111	(1,577)
Movements in Equity:								
Total comprehensive income for the period	205	257	-	143	-	-	114	(52)
Issue of new shares	11,235	11,235	11,235	-	-	-	-	-
Balance at 31 March 2013	67,120	68,749	65,759	2,765	-	-	225	(1,629)
Company – Q2								
Balance at 1 January 2014	59,700	-	63,040	(14,251)	-	10,911		
Movements in Equity:								
Total comprehensive income for the period	413	-	-	413	-	-		
Issue of warrants	(20)	-	-	-	-	(20)		
Transfer of treasury shares	289	-	300	-	(11)	-		
Balance at 31 March 2014	60,382	-	63,340	(13,838)	(11)	10,891		
Balance at 1 January 2013	50,845	-	54,524	(3,679)	-	-		
Movements in Equity:								
Total comprehensive income for the period	308	-	-	308	-	-		
Issue of new shares	11,235	-	11,235	-	-	-		
Balance at 31 March 2013	62,388	-	65,759	(3,371)	-	-		

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Total Equity	Equity attributable to Owners of the Parent, Total	Share Capital	(Accumulated losses)/ Retained Earnings	Loss on Reissuance of Treasury Shares	Warrants Reserve	Foreign Currency Translation Reserve	Non- Controlling Interest
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group – 6 Months								
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	126	121	-	91	-	-	30	5
Incorporation of subsidiary	245	-	-	-	-	-	-	245
Acquisition of subsidiary	1,175	-	-	-	-	-	-	1,175
Liquidation of subsidiary	(3)	-	-	-	-	-	-	(3)
Issue of warrants	10,891	10,891	-	-	-	10,891	-	-
Purchase of treasury shares	(2,719)	(2,719)	(2,719)	-	-	-	-	-
Transfer of treasury shares	289	289	300	-	(11)	-	-	-
Balance at 31 March 2014	65,942	66,215	63,340	(7,911)	(11)	10,891	(94)	(273)
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	749	849	-	854	-	-	(5)	(100)
Issue of new shares	11,235	11,235	11,235	-	-	-	-	-
Balance at 31 March 2013	67,120	68,749	65,759	2,765	-	-	225	(1,629)
Company – 6 Months								
Balance at 1 October 2013	51,119	-	65,759	(14,640)	-	-	-	-
Movements in Equity:								
Total comprehensive income for the period	802	-	-	802	-	-	-	-
Issue of warrants	10,891	-	-	-	-	10,891	-	-
Purchase of treasury shares	(2,719)	-	(2,719)	-	-	-	-	-
Transfer of treasury shares	289	-	300	-	(11)	-	-	-
Balance at 31 March 2014	60,382	-	63,340	(13,838)	(11)	10,891	-	-
Balance at 1 October 2012	50,633	-	54,524	(3,891)	-	-	-	-
Movements in Equity:								
Total comprehensive income for the period	520	-	-	520	-	-	-	-
Issue of new shares	11,235	-	11,235	-	-	-	-	-
Balance at 31 March 2014	62,388	-	65,759	(3,371)	-	-	-	-

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 January 2014	220,528,706	63,040
Transfer of treasury shares	440,000	289
As at 31 March 2014	<u>220,968,706</u>	<u>63,329</u>

Treasury shares

	Group and Company	
	Q2 FY2014	Q2 FY2013
As at 1 January	3,997,000	13,000
Transfer of treasury shares	(440,000)	-
As at 31 March	<u>3,557,000</u>	<u>13,000</u>

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).

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

The total number of issued shares excluding treasury shares as at 31 March 2014 was 220,968,706 shares. (31 March 2013: 224,512,706 shares).

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 reported on

The Company has on 19 February 2014 transferred a total of 440,000 treasury shares to its employees pursuant to the Technics Performance Share Plan.

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.

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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 (loss)/profit net of tax attributable to owners of the Company:

	Group Q2 FY2014	Group Q2 FY2013	Group 6 months 31/03/2014	Group 6 months 31/03/2013
(a) Based on weighted average number of ordinary share in issue (in SGD cents)	(0.11)	0.06	0.04	0.39
Weighted average number of ordinary shares excluding treasury shares	<u>220,748,706</u>	<u>220,946,039</u>	<u>221,966,706</u>	<u>217,379,373</u>
(b) On a fully diluted basis (in SGD cents)	(0.09)	0.06	0.03	0.39
Weighted average number of ordinary shares excluding treasury shares	<u>281,522,973</u>	<u>220,946,039</u>	<u>282,739,973</u>	<u>217,379,373</u>

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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

	31/03/2014		30/09/2013	
	Group	Company	Group	Company
Net asset value per ordinary share (in SGD cents)	29.97	27.33	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\$66,215,000 and a share capital of 220,968,706 ordinary shares excluding treasury shares of 3,557,000 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\$60,382,000 and a share capital of 220,968,706 ordinary shares excluding treasury shares of 3,557,000 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. 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

Consolidated Statement of Comprehensive Income Review – Q2 FY2014 ended 31 March 2014

The Group's revenue increased by S\$5.98 million or 73% year-on-year ("yoy") to S\$14.14 million in the second quarter ended 31 March 2014 ("Q2 FY2014") compared to the corresponding period of the last financial year ("Q2 FY2013") due to an increase in the contributions from the subsidiaries but compromise with a lower gross profit margin of 33% as compared to 53% a year ago.

Cost of sales increased by S\$5.56 million or 144% to S\$9.43 million in Q2 FY2014 in line with the increase in revenue.

Gross profit increased by S\$0.42 million or 10% to S\$4.71 million in Q2FY2014 compared to S\$4.29 million a year ago.

The Group suffered loss after tax of S\$0.23 million before non-controlling interest for Q2 FY2014, as compared to profit after tax of S\$0.10 million in Q2 FY2013.

Operating expenses

Finance costs increased by S\$0.08 million or 42% yoy in Q2 FY2014, mainly due to higher utilization of bank trade facilities.

The Group's administrative expenses decreased marginally by S\$0.13 million or 2% yoy in Q2 FY2014, mainly due to the newly acquired subsidiary during Q2FY2014.

Other credits

The Group recorded other credits of S\$0.51 million in Q2 FY2014, mainly from other income received from rental of workshop equipment and gain from disposal of associate.

Share of Profit from Equity-Accounted Associates

Share of profit from associates decreased by S\$0.60 million or 89% to S\$0.08 million in Q2FY2014 compared to S\$0.67 million a year ago.

Consolidated Statement of Comprehensive Income Review – Six Months ended 31 March 2014

The Group's revenue increased by S\$10.47 million or 54% year-on-year ("yoy") to S\$29.84 million in the six months ended 31 March 2014 ("1H FY2014") compared to the corresponding period of the last financial year ("1H FY2013") due to an increase in the contributions from the subsidiaries. In view of the challenging conditions of the global economy, the gross profit margin in 1H FY2014 was lower at 32% as compared to 48% a year ago.

Cost of sales increased by S\$10.08 million or 100% to S\$20.18 million in 1H FY2014 in line with the increase in revenue.

Gross profit increased by S\$0.39 million or 4% to S\$9.66 million in 1H FY2014 compared to S\$9.27 million a year ago.

The Group achieved profit after tax of S\$0.09 million before non-controlling interest for 1H FY2014, as compared to S\$0.77 million in 1H FY2013.

Basic and diluted earnings per share for 1H FY2014 were 0.04 Singapore cents and 0.03 Singapore cents respectively.

Operating expenses

Finance costs increased by S\$0.17 million or 41% yoy in 1H FY2014, mainly due to higher utilization of bank trade facilities.

The Group's administrative expenses decreased by S\$0.12 million or 1% yoy in 1H FY2014. As an overall, there was just marginally decreased due to the newly acquired subsidiary during the period.

Other credits

The Group recorded other credits of S\$1.09 million in 1H FY2014, mainly due to the gain on disposal of associate and reimbursement of legal cost arising from litigation settlement.

Share of Profit from Equity-Accounted Associates

Share of profit from associates decreased by S\$1.15 million or 79% yoy in 1H FY2014, mainly due to the decreased contribution from its associates.

Statement of Financial Position Review (as at 31 March 2014 compared to 30 September 2013)

Cash and cash equivalent

Cash and cash equivalent decreased by S\$4.29 million or 17% to S\$21.68 million as at 31 March 2014 from S\$25.97 million as at 30 September 2013.

Other Assets

Other assets increased by S\$3.93 million or 26% to S\$19.25 million as at 31 March 2014 compared to S\$15.32 million as at 30 September 2013.

Trade and other receivables

Trade and other receivables increased by S\$9.06 million or 30% to S\$39.08 million as at 31 March 2014 compared to S\$30.02 million as at 30 September 2013 due to increase in progress billings milestone.

Property, plant & equipment

Property, plant & equipment increased by S\$11.45 million or 26% to S\$54.65 million as at 31 March 2014 from S\$43.21 million as at 30 September 2013 mainly due to the capitalization of equipment for the leasing business.

Other financial liabilities

Other financial liabilities increased by S\$1.42 million or 3% to S\$55.02 million as at 31 March 2014 from S\$53.60 million as at 30 September 2013 was mainly due to higher utilization of bank trade facilities.

Trade and other payables

Trade and other payables increased by S\$12.17 million or 80% to S\$27.30 million as at 31 March 2014 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 0.84 as at 31 March 2014 due to the increase in equity.

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/recommended, 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 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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**ROBIN TING YEW SUE
EXECUTIVE CHAIRMAN
6 MAY 2014**