



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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014

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 FY2015 S\$'000	Group Q1 FY2014 S\$'000	Increase/ (Decrease) %
Revenue	18,565	15,700	18
Cost of Sales	(10,960)	(10,748)	2
Gross Profit	7,605	4,952	54
Other Items of Income			
Interest Income	9	-	nm
Other Gains	1,383	575	nm
Other Items of Expense			
Marketing and Distribution Costs	(257)	(188)	37
Administrative Expenses	(7,085)	(4,674)	52
Other Losses	(295)	(229)	29
Finance Costs	(853)	(325)	nm
Share of (Loss)/Profit from Equity-Accounted Associates	(140)	223	nm
Profit Before Tax from Continuing Operations	367	334	10
Income Tax Expenses	(257)	(13)	nm
Profit Net of Tax	110	321	(66)
Other Comprehensive Income:			
Items That May Be Reclassified Subsequently to Profit or Loss:			
Cash flow hedge loss from Interest Rate Swaps	(312)	-	nm
Exchange Differences on Translating Foreign Operations, Net of Tax	(25)	(28)	nm
Total Comprehensive (Loss)/Income	(227)	293	nm
(Loss)/Profit Attributable to Owners of Parent, Net of Tax	(593)	343	nm
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	703	(22)	nm
Profit Net of Tax	110	321	(66)
Total Comprehensive (Loss)/Income Attributable to Owners of Parent	(811)	321	nm
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	584	(28)	nm
Total Comprehensive (Loss) / Income	(227)	293	nm

nm: not meaningful

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

	Group Q1 FY2015 S\$'000	Group Q1 FY2014 S\$'000	Increase/ (Decrease) %
Allowance for impairment of trade receivables - reversal	11	11	-
Bad debts written off	5	-	nm
Depreciation of property, plant and equipment	(1,947)	(1,251)	56
Gain on disposal of property, plant and equipment	11	-	nm
Interest income	9	-	nm
Interest on borrowings	(853)	(325)	nm
Inventories written off	23	(28)	nm
Reimbursement of legal cost arising from litigation settlement	-	(300)	(100)
Realised foreign exchange gain/(loss)	70	(45)	nm
Unrealised foreign exchange gain/(loss)	1,057	(144)	nm
Share of (loss)/profit of equity-accounted associates	(140)	223	nm

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 2014

	Group		Company	
	31/12/2014 S\$'000	30/09/2014 S\$'000	31/12/2014 S\$'000	30/09/2014 S\$'000
Assets				
Non-Current Assets				
Property, Plant and Equipment, Total	132,931	131,300	1	1
Intangible Assets	5,021	5,312	-	-
Investment in Subsidiaries	-	-	21,597	21,297
Investment in Associates	5,088	5,227	300	300
Finance Lease Receivables, Non-Current	2,115	2,335	-	-
Total Non-Current Assets	145,155	144,174	21,898	21,598
Current Assets				
Inventories	4,888	4,711	-	-
Trade and Other Receivables, Current	37,976	37,149	55,281	54,746
Finance Lease Receivables, Current	875	875	-	-
Other Assets, Current	19,974	16,431	19	34
Cash and Cash Equivalents	11,809	8,677	10	12
Total Current Assets	75,522	67,843	55,310	54,792
Total Assets	220,677	212,017	77,208	76,390
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Parent				
Share Capital	74,137	74,137	74,137	74,137
Accumulated Losses	(16,065)	(15,472)	(10,672)	(11,051)
Other Reserves, Total	9,651	9,869	10,911	10,911
Equity Attributable to Owners of the Parent, Total	67,723	68,534	74,376	73,997
Non-Controlling Interests	4,201	4,007	-	-
Total Equity	71,924	72,541	74,376	73,997
Total-Current Liabilities				
Deferred Tax Liabilities	2,960	3,046	582	582
Other Payables, Non-Current	7,519	8,240	-	-
Finance Lease, Non-Current	338	301	-	-
Other Finance Liabilities, Non-Current	34,020	33,117	-	-
Total Non-Current Liabilities	44,837	44,704	582	582
Current Liabilities				
Income Tax Payable	1,703	1,307	181	181
Trade and Other Payables, Current	29,649	24,599	2,069	1,630
Other Liabilities, Current	5,108	5,122	-	-
Finance Lease, Current	184	154	-	-
Other Financial Liabilities, Current	67,272	63,590	-	-
Total Current Liabilities	103,916	94,772	2,250	1,811
Total Liabilities	148,753	139,476	2,832	2,393
Total Equity and Liabilities	220,677	212,017	77,208	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 31/12/2014		As at 30/09/2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
60,644	6,812	40,154	20,971

Amount repayable after one year

As at 31/12/2014		As at 30/09/2014	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
33,527	831	301	34,481

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 2014

	Group Q1 FY2015 S\$'000	Group Q1 FY2014 S\$'000
Cash Flow From Operating Activities		
Profit Before Tax	367	334
Adjustments for:		
Amortisation of Intangible Assets	292	-
Depreciation of Property, Plant and Equipment	1,947	1,251
Foreign Exchange Adjustment (Gain)/Loss	(1,057)	144
Interest Income	(9)	-
Interest Expense	853	325
Share-based Payments	72	-
Share of Loss/(Profit) of Associates	140	(223)
Operating Cash Flows before Changes in Working Capital	2,605	1,831
Trade and Other Receivables, Current	952	3,101
Other Assets, Current	(3,616)	(4,813)
Inventories	(73)	367
Trade and Other Payables, Current	259	3,846
Other Liabilities, Current	(13)	(2,039)
Net Cash Flows From/(Used in) Operations Before Tax	114	2,293
Income Taxes Refund/(Paid)	54	(115)
Net Cash Flows From Operating Activities	168	2,178
Cash Flows From Investing Activities		
Finance Lease Receivables	219	219
Purchase of Property, Plant and Equipment	(433)	(3,861)
Investment in Subsidiary (Contribution from Non-Controlling Interests)	-	245
Interest Received	9	-
Net Cash Flows Used in Investing Activities	(205)	(3,397)
Cash Flows From Financing Activities		
Dividend Paid to Non-Controlling Interests	(390)	-
Net Movements in amounts due to Related Parties	1,653	-
Decrease in Other Financial Liabilities	(192)	(4,948)
Increase From New Borrowings	2,838	399
Finance Lease Repayments	(54)	(10)
Purchase of Treasury Shares	-	(2,719)
Issue of Warrants	-	10,911
Cash Restricted in Use	(9)	1,584
Interest Paid	(841)	(325)
Net Cash Flows From Financing Activities	3,005	4,892
Net Increase in Cash and Cash Equivalents	2,968	3,673
Net Effect of Exchange Rate Changes	19	35
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	2,948	1,859
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	5,935	5,567

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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	Hedging Reserve	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 – Q1								
Balance at 1 October 2014	72,541	68,534	74,137	(15,472)	(917)	10,911	(125)	4,007
Movements in Equity:								
Total comprehensive income for the period	(227)	(811)	-	(593)	(228)	-	10	584
Dividend paid	(390)	-	-	-	-	-	-	(390)
Balance at 31 December 2014	71,924	67,723	74,137	(16,065)	(1,145)	10,911	(115)	4,201
Group – Q4								
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)
Company – Q1								
Balance at 1 October 2014	73,997	-	74,137	(11,051)	-	10,911	-	-
Movements in Equity:								
Total comprehensive income for the period	379	-	-	379	-	-	-	-
Balance at 31 December 2014	74,376	-	74,137	(10,672)	-	10,911	-	-
Company – Q4								
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	-	-

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 (S\$'000)
As at 1 October 2014 and 31 December 2014	234,932,975	74,137

Treasury shares

	Group and Company	
	Q1 FY2015	Q1 FY2014
As at 1 October	57,000	13,000
Purchase of treasury shares	-	3,984,000
As at 31 December	57,000	3,997,000

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 2014 was 234,932,975 shares (30 September 2014: 234,932,975 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 2014.

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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 FY2015	Group Q1 FY2014
(a) Based on weighted average number of ordinary share in issue (in SGD cents)	(0.25)	0.15
Weighted average number of ordinary shares excluding treasury shares	<u>234,932,975</u>	<u>223,184,706</u>
(b) On a fully diluted basis (in SGD cents)	(0.25)	0.12
Weighted average number of ordinary shares excluding treasury shares	<u>234,932,975</u>	<u>286,208,948</u>

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

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

	31/12/2014		30/09/2014	
	Group	Company	Group	Company
Net asset value per ordinary share (in SGD cents)	28.83	31.66	29.17	31.50

The Group's net asset backing per share above has been calculated based on equity attributable to owners of the company of S\$67,723,000 and a share capital of 234,932,975 ordinary shares excluding treasury shares of 57,000 ordinary shares (FY2014: S\$68,534,000 and a share capital of 234,932,975 ordinary shares excluding treasury shares of 57,000 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\$74,376,000 and a share capital of 234,932,975 ordinary shares excluding treasury shares of 57,000 ordinary shares (FY2014: S\$73,997,000 and a share capital of 234,932,975 ordinary shares excluding treasury shares of 57,000 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 FY2015 ended 31 December 2014

The Group's revenue increased by S\$2.87 million or 18% year-on-year ("yoy") to S\$18.57 million in the first quarter ended 31 December 2014 ("Q1 FY2015") compared to the corresponding period of the last financial year ("Q1 FY2014") due to an increase in the contributions from the subsidiaries and with a higher gross profit margin of 41% as compared to 32% a year ago.

Cost of sales increased marginally by S\$0.21 million or 2% to S\$10.96 million in Q1 FY2015 as compared to increase in revenue as the newly acquired subsidiaries have lower cost of sales.

The Group achieved profit after tax of S\$0.11 million before non-controlling interest for Q1 FY2015, as compared to S\$0.32 million in Q1 FY2014.

Operating Expenses

Finance costs increased by S\$0.53 million or 162% yoy in Q1 FY2015, mainly due to an increase on utilization of bank trade facilities and bank loan from newly setup subsidiary during Q4 FY2014.

The Group's administrative expenses increased by S\$2.41 million or 52% yoy in Q1 FY2015 mainly due to newly setup and acquired subsidiaries during FY2014.

Other Gains

The Group's other gains increased by S\$0.81 million in Q1 FY2015 as compared to Q1 FY2014 mainly due to the unrealised foreign exchange gains.

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

Cash and Cash Equivalent

Cash and cash equivalent increased by S\$3.13 million or 36% to S\$11.81 million as at 31 December 2014 compared to S\$8.68 million as at 30 September 2014.

Other Assets

Other assets increased by S\$3.54 million or 22% to S\$19.97 million as at 31 December 2014 compared to S\$16.43 million as at 30 September 2014 due to increase of down payment to supplier for purchase of gas compressor equipment.

Trade and Other Receivables

Trade and other receivables increased by S\$0.83 million or 2% to S\$37.98 million as at 31 December 2014 compared to S\$37.15 million as at 30 September 2014 due to increase in progress billings milestone.

Property, Plant & Equipment

Property, plant & equipment increased by S\$1.63 million or 1% to S\$132.93 million as at 31 December 2014 from S\$131.30 million as at 30 September 2014 mainly due to the capitalization of equipment for the leasing business.

Other Financial Liabilities

Other financial liabilities increased by S\$4.58 million or 5% to S\$101.29 million as at 31 December 2014 from S\$96.71 million as at 30 September 2014 was mainly due to higher utilization of bank trade facilities.

Trade and Other Payables

Trade and other payables increased by S\$5.05 million or 21% to S\$29.65 million as at 31 December 2014 from S\$24.60 million as at 30 September 2014.

Gearing Ratio

The gearing ratio (total debts / net tangible assets) has increased from 1.45 as at 30 September 2014 to 1.52 as at 31 December 2014 due to increase 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

Profit warning has been issued on 6 February 2015 for Q1 FY2015 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.

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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**ROBIN TING YEW SUE
EXECUTIVE CHAIRMAN
10 FEBRUARY 2015**