



TECHNICS OIL & GAS LIMITED

(Company Registration Number: 200205249E)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 Q3 FY2014 S\$'000	Group Q3 FY2013 S\$'000	Increase/ (Decrease) %	Group 9 months ended 30/06/2014 S\$'000	Group 9 months ended 30/06/2013 S\$'000	Increase/ (Decrease) %
Revenue	19,270	13,850	39	49,108	33,218	48
Cost of Sales	(11,560)	(11,388)	2	(31,740)	(21,486)	48
Gross Profit	7,710	2,462	nm	17,368	11,732	48
Other Items of Income						
Interest Income	10	13	(23)	29	91	(68)
Other Credits	210	713	(71)	1,295	1,821	(29)
Other Items of Expense						
Marketing and Distribution Costs	(134)	(210)	(36)	(469)	(669)	(30)
Administrative Expenses	(5,086)	(4,399)	16	(14,850)	(14,286)	4
Finance Costs	(343)	(223)	54	(945)	(651)	45
Other Charges	(444)	(90)	nm	(654)	(210)	211
Share of (Loss)/Profit from Equity-Accounted Associates	(235)	(502)	(53)	63	943	(93)
Profit/(Loss) Before Income Tax from Continuing Operations	1,688	(2,236)	nm	1,837	(1,229)	nm
Income Tax (Expense)/Income	(599)	38	nm	(655)	(204)	nm
Profit/(Loss) Net of Tax	1,089	(2,198)	nm	1,182	(1,433)	nm
Other Comprehensive Income/(Loss):						
Items that May Be Reclassified Subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(122)	(58)	109	(89)	(74)	20
Total Comprehensive Income/(Loss)	967	(2,256)	nm	1,093	(1,507)	nm
Profit/(Loss) Attributable Owners of the Parent, Net of Tax	1,026	(2,167)	nm	1,117	(1,313)	nm
Profit/(Loss) Attributable to Non-Controlling Interests	63	(31)	nm	65	(120)	nm
Profit/(Loss) Net of Tax	1,089	(2,198)	nm	1,182	(1,433)	nm

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

	Group Q3 FY2014 S\$'000	Group Q3 FY2013 S\$'000	Increase/ (Decrease) %	Group 9 months ended 30/06/2014 S\$'000	Group 9 months ended 30/06/2013 S\$'000	Increase/ (Decrease) %
Total Comprehensive Income/(Loss) Attributable to Owners of the Parent, Net of Tax	899	(2,206)	nm	1,020	(1,357)	nm
Total Comprehensive Income /(Loss) Attributable to Non- Controlling Interests	68	(50)	nm	73	(150)	nm
Total Comprehensive Income/(Loss)	967	(2,256)	nm	1,093	(1,507)	nm

nm: not meaningful

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

	Group Q3 FY2014 S\$'000	Group Q3 FY2013 S\$'000	Increase/ (Decrease) %	Group 9 months 30/06/2014 S\$'000	Group 9 months 30/06/2013 S\$'000	Increase/ (Decrease) %
Allowance for impairment of trade receivables - reversal	-	-	nm	11	-	nm
Bad debt written off	(172)	(90)	91	(172)	(90)	91
Depreciation of property, plant and equipment	(729)	(1,311)	(44)	(3,244)	(3,881)	(16)
Gain/(loss) on disposal of plant and equipment	-	-	nm	16	(84)	(119)
Gain on disposal of subsidiary	-	-	nm	3	-	nm
Gain on disposal of associate	-	-	nm	121	-	nm
Interest income	10	13	(23)	29	91	(68)
Interest on borrowings	(343)	(223)	54	(945)	(651)	45
Inventories written off	(162)	8	nm	(190)	(21)	nm
Provision for diminution in value of inventory - reversal	-	1	(100)	30	246	(88)
Reimbursement of legal cost arising from litigation settlement	-	-	nm	300	-	nm
Realised foreign exchange (loss)/gain	(71)	(1)	nm	(220)	29	nm
Unrealised foreign exchange (loss)/gain	(33)	511	(106)	(44)	894	(105)
Share of profit from equity-accounted associates	(235)	(502)	(53)	63	943	(93)

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 30 JUNE 2014

	Group		Company	
	30/06/2014 S\$'000	30/09/2013 S\$'000	30/06/2014 S\$'000	30/09/2013 S\$'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment, Total	59,891	43,206	1	1
Investment in Subsidiaries	-	-	7,609	7,659
Investment in Associates	11,911	11,821	300	421
Finance Lease Receivables, Non-Current	2,553	3,210	-	-
Intangible Assets	1,761	-	-	-
Total Non-Current Assets	76,116	58,237	7,910	8,081
Current Assets				
Inventories	4,172	4,151	-	-
Trade and Other Receivables, Current	49,953	30,024	44,323	34,273
Finance Lease Receivables, Current	875	875	-	-
Other Assets, Current	19,469	15,320	23	18
Cash and Cash Equivalents	18,146	25,968	10,115	10,077
Total Current Assets	92,615	76,338	54,461	44,368
Total Assets	168,731	134,575	62,371	52,449
EQUITY AND LIABILITIES				
Equity attributable to owners of the Parent				
Share Capital	63,340	65,759	63,340	65,759
Accumulated losses	(6,885)	(8,002)	(13,398)	(14,640)
Other Reserves, Total	10,657	(124)	10,878	-
Equity, Attributable to Owners of the Parent, Total	67,112	57,633	60,820	51,119
Non-controlling Interests	(205)	(1,695)	-	-
Total Equity	66,907	55,938	60,820	51,119
Non-Current Liabilities				
Deferred Tax	1,369	1,329	582	582
Finance Lease, Non-Current	149	174	-	-
Other Financial Liabilities, Non-Current	1,070	1,750	-	-
Total Non-Current Liabilities	2,588	3,253	582	582
Current Liabilities				
Income Tax Payable	1,139	365	289	68
Trade and Other Payables, Current	33,558	15,132	680	680
Other Liabilities, Current	3,398	8,000	-	-
Finance Lease, Current	42	40	-	-
Other Financial Liabilities, Current	61,099	51,847	-	-
Total Current Liabilities	99,236	75,384	969	748
Total Liabilities	101,824	78,637	1,551	1,330
Total Equity and Liabilities	168,731	134,575	62,371	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 30/06/2014		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
40,042	21,099	30,040	21,847

Amount repayable after one year

As at 30/06/2014		As at 30/09/2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
149	1,070	174	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 30 JUNE 2014

	Group Q3 FY2014 S\$'000	Group Q3 FY2013 S\$'000	Group 9 months 30/06/2014 S\$'000	Group 9 months 30/06/2013 S\$'000
Cash Flow From Operating Activities				
Profit/(Loss)Before Tax	1,688	(2,236)	1,837	(1,229)
Adjustments for:				
Depreciation of Property, Plant and Equipment	729	1,311	3,244	3,881
Interest Income	(10)	(13)	(29)	(91)
Interest Expense	343	223	945	651
Share Based Payments	73	-	121	-
Share of (Loss)/Profit from Equity-Accounted Associates	235	502	(63)	(943)
Gain on Disposal of Subsidiary	-	-	(3)	-
(Gain)/Loss on Disposal of Plant and Equipment	-	-	(16)	84
Foreign Exchange Adjustment Loss/(Gain)	33	(511)	44	(894)
Operating Cash Flows before Changes in Working Capital	3,091	(724)	6,080	1,459
Inventories	(335)	1,563	(51)	1,301
Trade and Other Receivables	(11,055)	(5,076)	(16,293)	6,948
Other Assets	(293)	(1,159)	(3,980)	(1,666)
Trade and Other Payables	8,424	(1,976)	18,013	(12,029)
Other Liabilities	(2,160)	1,750	(4,603)	76
Net Cash Flows Used in Operations	(2,328)	(5,622)	(834)	(3,911)
Income Tax Paid	(119)	(1,209)	(164)	(3,204)
Net Cash Flows Used In Operating Activities	(2,447)	(6,831)	(998)	(7,115)
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(6,090)	(3,509)	(19,419)	(5,422)
Disposal of Property, Plant and Equipment	1	-	35	-
Investment in Joint Ventures	-	(662)	-	(662)
Investment in Subsidiary (Contribution from Non-Controlling Interests)	-	-	245	-
Acquisition of Subsidiary	(2,106)	-	(3,938)	-
Finance Lease Receivables	218	218	656	656
Interest Received	10	13	29	91
Net Cash Flows Used In Investing Activities	(7,967)	(3,940)	(22,392)	(5,337)
Cash Flows From Financing Activities				
Exercise/(Purchase) of Treasury Shares	-	-	(2,719)	-
Issues of Shares	-	-	-	11,235
Issues of Warrants	(2)	-	10,889	-
(Decrease)/Increase in Other Financial Liabilities	(2,591)	7,327	(9,210)	(17,845)
Increase from New Borrowings	9,801	1,500	17,589	15,979
Finance Lease Repayments	(11)	(9)	(31)	(20)
Cash Restricted in Use	8,997	-	12,790	-
Interest Paid	(343)	(224)	(945)	(651)
Net Cash Flows From Financing Activities	15,851	8,594	28,363	8,698
Net Increase/(Decrease) in Cash and Cash Equivalents	5,437	(2,177)	4,973	(3,754)
Net effect of exchange rate changes	21	271	18	548
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	1,392	6,847	1,859	8,147
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	6,850	4,941	6,850	4,941

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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 – Q3								
Balance at 1 April 2014	65,942	66,215	63,340	(7,911)	(11)	10,891	(94)	(273)
Movements in Equity:								
Total comprehensive (loss)/income for the period	967	899	-	1,026	-	-	(127)	68
Issue of warrants	(2)	(2)	-	-	-	(2)	-	-
Balance at 30 June 2014	66,907	67,112	63,340	(6,885)	(11)	10,889	(221)	(205)
Balance at 1 April 2013	67,120	68,749	65,759	2,765	-	-	225	(1,629)
Movements in Equity:								
Total comprehensive income for the period	(2,256)	(2,206)	-	(2,167)	-	-	(39)	(50)
Balance at 30 June 2013	64,864	66,543	65,759	598	-	-	186	(1,679)
Company – Q3								
Balance at 1 April 2014	60,382	-	63,340	(13,838)	(11)	10,891		
Movements in Equity:								
Total comprehensive income for the period	440	-	-	440	-	-		
Issue of warrants	(2)	-	-	-	-	(2)		
Balance at 30 June 2014	60,820	-	63,340	(13,398)	(11)	10,889		
Balance at 1 April 2013	62,388	-	65,759	(3,371)	-	-		
Movements in Equity:								
Total comprehensive income for the period	286	-	-	286	-	-		
Balance at 30 June 2013	62,674	-	65,759	(3,085)	-	-		

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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 – 9 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	1,093	1,020	-	1,117	-	-	(97)	73
Incorporation of subsidiary	245	-	-	-	-	-	-	245
Acquisition of subsidiary	1,175	-	-	-	-	-	-	1,175
Liquidation of subsidiary	(3)	-	-	-	-	-	-	(3)
Issue of warrants	10,889	10,889	-	-	-	10,889	-	-
Purchase of treasury shares	(2,719)	(2,719)	(2,719)	-	-	-	-	-
Transfer of treasury shares	289	289	300	-	(11)	-	-	-
Balance at 30 June 2014	66,907	67,112	63,340	(6,885)	(11)	10,889	(221)	(205)
Company – 9 Months								
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	(1,507)	(1,357)	-	(1,313)	-	-	(44)	(150)
Issue of new shares	11,235	11,235	11,235	-	-	-	-	-
Balance at 30 June 2013	64,864	66,543	65,759	598	-	-	186	(1,679)
Company – 9 Months								
Balance at 1 October 2013	51,119	-	65,759	(14,640)	-	-	-	-
Movements in Equity:								
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	-	300	-	(11)	-	-	-
Balance at 30 June 2014	60,820	-	63,340	(13,398)	(11)	10,889	-	-
Company – 9 Months								
Balance at 1 October 2012	50,633	-	54,524	(3,891)	-	-	-	-
Movements in Equity:								
Total comprehensive income for the period	806	-	-	806	-	-	-	-
Issue of new shares	11,235	-	11,235	-	-	-	-	-
Balance at 30 June 2013	62,674	-	65,759	(3,085)	-	-	-	-

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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 April 2014 and 30 June 2014	220,968,706	63,340

Treasury shares

	Group and Company	
	Q3 FY2014	Q3 FY2013
As at 1 April	3,557,000	13,000
Transfer of treasury shares	-	-
As at 30 June	3,557,000	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).

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 30 June 2014 was 220,968,706 shares. (30 June 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.

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 Q3 FY2014	Group Q3 FY2013	Group 9 months 30/06/2014	Group 9 months 30/06/2013
(a) Based on weighted average number of ordinary share in issue (in SGD cents)	0.46	(0.97)	0.50	(0.59)
Weighted average number of ordinary shares excluding treasury shares	<u>220,968,706</u>	<u>224,512,706</u>	<u>221,634,039</u>	<u>220,946,039</u>
(b) On a fully diluted basis (in SGD cents)	0.36	(0.97)	0.40	(0.59)
Weighted average number of ordinary shares excluding treasury shares	<u>281,679,269</u>	<u>224,512,706</u>	<u>282,344,602</u>	<u>220,946,039</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

	30/09/2014		30/09/2013	
	Group	Company	Group	Company
Net asset value per ordinary share (in SGD cents)	30.37	27.52	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\$67,112,000 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\$60,820,000 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 – Q3 FY2014 ended 30 June 2014

The Group's revenue increased by S\$5.42 million or 39% year-on-year ("yoy") to S\$19.27 million in the third quarter ended 30 June 2014 ("Q3 FY2014") compared to the corresponding period of the last financial year ("Q3 FY2013") due to an increase in the contributions from the subsidiaries.

Gross profit margin in Q3 FY2014 was higher at 40% as compared to 18% a year ago due to EPCC projects that command a higher margin.

Cost of sales increased by S\$0.17 million or 2% to S\$11.56 million in Q3 FY2014 in line with the increase in revenue.

Gross profit increased by S\$5.25 million or 213% to S\$7.71 million in Q3FY2014 compared to S\$2.46 million a year ago.

The Group achieved profit after tax of S\$1.09 million before non-controlling interest for Q3 FY2014, as compared to loss after tax of S\$2.20 million in Q3 FY2013.

Basic earnings per share for Q3 FY2014 were 0.46 Singapore cents; or 0.36 Singapore cents on a fully diluted basis.

Operating expenses

Finance costs increased by S\$0.12 million or 54% yoy in Q3 FY2014, mainly due to higher utilization of bank trade facilities.

The Group's administrative expenses increased marginally by S\$0.69 million or 16% yoy in Q3 FY2014 mainly due to increase in employee benefits expenses, newly acquired & setup subsidiary.

Other credits

The Group recorded other credits of S\$0.21 million in Q3 FY2014, mainly from other income received from rental of workshop equipment.

Share of Loss from Equity-Accounted Associates

Share of loss from associates decreased by S\$0.27 million or 53% to S\$0.24 million in Q3FY2014 compared to S\$0.50 million a year ago.

Consolidated Statement of Comprehensive Income Review – Nine Months ended 30 June 2014

The Group's revenue increased by S\$15.89 million or 48% year-on-year ("yoy") to S\$49.11 million in the nine months ended 30 June 2014 ("9M FY2014") compared to the corresponding period of the last financial year (9M FY2013") due to an increase in the contributions from the subsidiaries with a stagnant gross profit margin for 9M FY2014 & 9M FY2013.

Cost of sales increased by S\$10.25 million or 48% to S\$31.74 million in 9M FY2014 in line with the increase in revenue.

Gross profit increased by S\$5.64 million or 48% to S\$17.37 million in 9M FY2014 compared to S\$11.73 million a year ago.

The Group achieved profit after tax of S\$1.18 million before non-controlling interest for 9M FY2014, as compared loss after tax of S\$1.43 million in 9M FY2013.

Basic and fully diluted earnings per share for 9M FY2014 were 0.50 Singapore cents and 0.40 Singapore cents respectively.

Operating expenses

Finance costs increased by S\$0.29 million or 45% yoy in 9M FY2014, mainly due to higher utilization of bank trade facilities.

The Group's administrative expenses increased by S\$0.56 million or 4% yoy in 9M FY2014. As an overall, there was mainly due to the newly acquired and setup subsidiary during the period.

Other credits

The Group recorded other credits of S\$1.30 million in 9M FY2014, mainly due to the rental of workshop equipment and reimbursement of legal cost arising from litigation settlement.

Share of Profit from Equity-Accounted Associates

Share of profit from associates decreased by S\$0.88 million or 93% yoy in 9M FY2014, mainly due to the decreased contribution from its associates.

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

Cash and cash equivalent

Cash and cash equivalent decreased by S\$7.82 million or 30% to S\$18.15 million as at 30 June 2014 from S\$25.97 million as at 30 September 2013.

Other Assets

Other assets increased by S\$4.15 million or 27% to S\$19.47 million as at 30 June 2014 compared to S\$15.32 million as at 30 September 2013.

Trade and other receivables

Trade and other receivables increased by S\$19.93 million or 66% to S\$49.95 million as at 30 June 2014 compared to S\$30.02 million as at 30 September 2013 mainly due to increase in amount owing from associates.

Property, plant & equipment

Property, plant & equipment increased by S\$16.69 million or 39% to S\$59.89 million as at 30 June 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\$8.57 million or 16% to S\$62.17 million as at 30 June 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\$18.43 million or 122% to S\$33.56 million as at 30 June 2014 from S\$15.13 million as at 30 September 2013.

Gearing Ratio

The gearing ratio (total debts / net tangible assets) has remain stagnant at 0.96 as at 30 September 2013 and 30 June 2014.

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 third quarter ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**ROBIN TING YEW SUE
EXECUTIVE CHAIRMAN
7 AUGUST 2014**