



HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)

Third quarter financial statements and related announcement for the financial period ended 30 September 2016

The Board of Directors of Hoe Leong Corporation Ltd. (the "Company") is pleased to announce the consolidated results for the financial period ended 30 September 2016. The figures presented below have not been audited or reviewed by the auditors of the Company.

UNAUDITED FINANCIAL STATEMENTS

1(a)(i) Statement of comprehensive income (the Group)

	Note	Third Quarter			Nine Months		
		1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	Increase / (decrease)	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015	Increase / (decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		13,632	18,435	(26.1)%	41,107	56,337	(27.0)%
Cost of sales		(12,363)	(12,714)	(2.8)%	(34,514)	(41,132)	(16.1)%
Gross profit		1,269	5,721	(77.8)%	6,593	15,205	(56.6)%
Other income		12	684	(98.2)%	1,059	1,825	(42.0)%
Distribution expenses		(1,194)	(843)	41.6 %	(3,219)	(2,986)	7.8 %
Administrative expenses		(2,015)	(1,672)	20.5 %	(5,740)	(5,739)	N.M.
Other expenses		(36,148)	(2,457)	1,371.2 %	(40,977)	(3,295)	1,143.6 %
Results from operating activities		(38,076)	1,433	(2,757.1)%	(42,284)	5,010	(944.0)%
Finance income		10	20	(50.0)%	49	71	(31.0)%
Finance costs		(804)	(566)	42.0 %	(2,186)	(1,692)	29.2 %
Net finance costs	1	(794)	(546)	45.4 %	(2,137)	(1,621)	31.8 %
Share of results of associates and joint ventures, net of tax		-	61	N.M.	-	793	N.M.
(Loss) / Profit before income tax	2	(38,870)	948	(4,200.2)%	(44,421)	4,182	(1,162.2)%
Income tax (expense)		(14)	(63)	(77.8)%	(4)	(140)	(97.1)%
(Loss) / Profit for the period		(38,884)	885	(4,493.7)%	(44,425)	4,042	(1,199.1)%
(Loss) / Profit attributable to:							
Owners of the Company		(38,884)	785	(5,053.4)%	(44,425)	3,824	(1,261.7)%
Non-controlling interests		-	100	N.M.	-	218	N.M.
(Loss) / Profit for the period		(38,884)	885	(4,493.7)%	(44,425)	4,042	(1,199.1)%

N.M. - Not meaningful

1(a)(i) Statement of comprehensive income (the Group)

	Third Quarter			Nine Months		
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	Increase / (decrease)	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
(Loss) / Profit for the period	(38,884)	885	(4,493.7)%	(44,425)	4,042	(1,199.1)%
Other comprehensive income						
Foreign currency translation differences arising from foreign operations	1,413	(60)	2,455.0 %	(526)	1,428	(136.8)%
Other comprehensive income, net of tax	<u>1,413</u>	<u>(60)</u>	2,455.0 %	<u>(526)</u>	<u>1,428</u>	(136.8)%
Total comprehensive income for the period	<u>(37,471)</u>	<u>825</u>	(4,641.9)%	<u>(44,951)</u>	<u>5,470</u>	(921.8)%
Total comprehensive income attributable to :						
Owners of the Company	(37,505)	686	(5,567.2)%	(44,943)	5,552	(909.5)%
Non-controlling interests	34	139	(75.5)%	(8)	(82)	(90.2)%
Total comprehensive income for the period	<u>(37,471)</u>	<u>825</u>	(4,641.9)%	<u>(44,951)</u>	<u>5,470</u>	(921.8)%

1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income

Note 1 Finance income comprise the following:

	Third Quarter			Nine Months		
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	Increase / (decrease)	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Finance income:-						
- Bank deposit	10	20	(50.0)%	49	71	(31.0)%
- Interest on loan to associate	-	-	N.M.	1,475	-	N.M.
- Impairment loss	-	-	N.M.	(1,475)	-	N.M.
Total	<u>10</u>	<u>20</u>		<u>49</u>	<u>71</u>	

1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income (continued)

Note 1 Finance costs comprise the following:

	Third Quarter			Nine Months		
	1 Jul 2016 to	1 Jul 2015 to	Increase /	1 Jan 2016 to	1 Jan 2015 to	Increase /
	30 Sep 2016	30 Sep 2015	(decrease)	30 Sep 2016	30 Sep 2015	(decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest paid and payable on:-						
- Trust receipts	(39)	(61)	(36.1)%	(191)	(167)	14.4 %
- Bank loans	(599)	(407)	47.2 %	(1,726)	(1,416)	21.9 %
- Finance leases	(3)	(4)	(25.0)%	(9)	(13)	(30.8)%
Others	(163)	(94)	73.4 %	(260)	(96)	170.8 %
Total	(804)	(566)		(2,186)	(1,692)	

Note 2 (Loss) / Profit before income tax is stated after (charging) / crediting the following:

	Third Quarter			Nine Months		
	1 Jul 2016 to	1 Jul 2015 to	Increase /	1 Jan 2016 to	1 Jan 2015 to	Increase /
	30 Sep 2016	30 Sep 2015	(decrease)	30 Sep 2016	30 Sep 2015	(decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Gain/(loss) on disposal of other plant and equipment	8	(5)	(260.0)%	8	-	N.M.
Impairment loss of other receivables	(28,271)	-	N.M.	(29,796)	-	N.M.
Impairment loss of property, plant and equipment	(6,684)	-	N.M.	(6,684)	-	N.M.
Depreciation of property, plant and equipment	(1,433)	(1,658)	(13.6)%	(4,399)	(4,945)	(11.0)%
Foreign exchange gain / (loss), net	200	(1,662)	(112.0)%	(1,016)	(715)	42.1 %
Operating lease expenses	(411)	(1,458)	(71.8)%	(3,159)	(4,337)	(27.2)%
Amortisation of deferred income	-	1,298	N.M.	2,340	3,897	(40.0)%
Rental income	15	684	(97.8)%	932	1,715	(45.7)%

1(b)(i) Statement of financial position (the Group and the Company)

	Group		Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	66,606	79,396	3,193	3,346
Investments in subsidiaries	-	-	20,274	23,797
Investments in associates	-	-	-	-
Deferred tax assets	503	458	-	-
Non-current assets	67,109	79,854	23,467	27,143
Inventories	26,651	27,834	-	9,297
Trade and other receivables	23,698	61,469	40,754	104,729
Cash and cash equivalents	917	3,128	-	508
Current Assets	51,266	92,431	40,754	114,534
Total assets	118,375	172,285	64,221	141,677
Equity				
Share capital	69,490	69,490	69,490	69,490
Treasury shares	(55)	(55)	(55)	(55)
Currency translation reserve	(2,339)	(1,821)	-	-
Share-based compensation reserve	171	345	171	345
Accumulated losses	(45,659)	(1,234)	(43,717)	(2,503)
Equity attributable to owners of the Company	21,608	66,725	25,889	67,277
Non-controlling interests	(1,195)	(1,187)	-	-
Total equity	20,413	65,538	25,889	67,277
Liabilities				
Financial liabilities	7,878	33,865	33	10,813
Loans from non-controlling shareholders of subsidiaries	-	2,901	-	-
Deferred tax liabilities	559	655	20	19
Non-current liabilities	8,437	37,421	53	10,832
Trade and other payables	16,845	16,159	15,874	20,988
Financial liabilities	69,025	50,039	22,405	40,240
Loans from non-controlling shareholders of subsidiaries	3,583	663	-	-
Current tax payable	72	125	-	-
Deferred income	-	2,340	-	2,340
Current liabilities	89,525	69,326	38,279	63,568
Total liabilities	97,962	106,747	38,332	74,400
Total equity and liabilities	118,375	172,285	64,221	141,677

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

As at 30 Sep 2016		As at 31 Dec 2015		As at 30 Sep 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured	Non-Current	Non-Current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
7,878	-	22,029	11,836	7,878	33,865

As at 30 Sep 2016		As at 31 Dec 2015		As at 30 Sep 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured	Current	Current
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
47,702	21,323	9,473	40,566	69,025	50,039

Total

As at 30 Sep 2016		As at 31 Dec 2015		As at 30 Sep 2016	As at 31 Dec 2015
Secured	Unsecured	Secured	Unsecured		
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
55,580	21,323	31,502	52,402	76,903	83,904

Details of any collateral:-

Secured borrowings at 30 September 2016 are secured by:-

- (a) Legal mortgages over the barge and vessels of subsidiaries and corporate guarantees provided by the Company;
- (b) Legal mortgages over the freehold land and buildings, and certain plant and equipment of the Group; and
- (c) Motor vehicles of the Company under finance leases.

As a result of the losses, the Group has breached its financial covenants under certain banking facilities agreements.

The Group is holding discussions with its bankers to vary the terms and conditions of its borrowings including financial covenants.

1(c)Statement of cash flows (the Group)

	Group		Group	
	Third Quarter		Nine Months	
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015
	\$'000	\$'000	\$'000	\$'000
Operating activities				
(Loss) / Profit before income tax	(38,870)	948	(44,421)	4,182
Adjustments for:				
Amortisation of deferred income	-	(1,298)	(2,340)	(3,897)
Depreciation of property, plant and equipment	1,433	1,658	4,399	4,945
Finance income	(10)	(20)	(1,524)	(71)
Impairment loss on finance income	-	-	1,475	-
Finance costs	804	566	2,186	1,692
Share of results of associates, net of tax	-	(61)	-	(793)
Impairment loss of other receivables	28,271	-	29,796	-
Impairment loss of property, plant and equipment	6,684	-	6,684	-
(Gain)/ Loss on disposal of other plant and equipment	(8)	5	(8)	-
Equity-settled share-based compensation	-	1	(174)	3
Operating cash flows before changes in working capital	(1,696)	1,799	(3,927)	6,061
Change in working capital:				
Inventories	(681)	10,025	1,183	2,746
Trade and other receivables	1,210	(3,365)	7,984	(10,035)
Trade and other payables	(898)	(12,940)	690	(4,730)
Cash flows (used in) / from operations	(2,065)	(4,481)	5,930	(5,958)
Income taxes paid	-	53	-	(83)
Cash flows (used in) / from operating activities	(2,065)	(4,428)	5,930	(6,041)
Investing activities				
Finance income received	10	20	52	71
Purchase of property, plant and equipment	(172)	-	(346)	(77)
Cash flows (used in) / from investing activities	(162)	20	(294)	(6)
Financing activities				
Purchase of treasury shares	-	(5)	-	(5)
Finance costs paid	(804)	(566)	(2,186)	(1,692)
(Repayment of) / Proceed from bills payable and trust receipts	(491)	(589)	(7,770)	919
Proceeds from finance lease liabilities	-	-	50	-
Payment of finance lease liabilities	(24)	(35)	(67)	(101)
Proceeds from interest-bearing borrowings	19,094	12,010	36,268	19,284
Repayment of interest-bearing borrowings	(16,468)	(11,090)	(35,474)	(21,742)
Proceeds from issuance of shares	-	3,000	-	5,620
Cash flows from / (used in) financing activities	1,307	2,725	(9,179)	2,283
Net increase / (decrease) in cash and cash equivalents	(920)	(1,683)	(3,543)	(3,764)
Cash and cash equivalents at beginning of the period	1,272	2,678	3,128	6,043
Effect of exchange rates fluctuations	565	368	1,332	(916)
Cash and cash equivalents at end of the period	917	1,363	917	1,363

1(d)(i) Statement of changes in equity (the Group and the Company)

Group	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
2016								
At 1 January 2016	69,490	(55)	345	(1,821)	(1,234)	66,725	(1,187)	65,538
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(1,440)	(1,440)	-	(1,440)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	(1,698)	-	(1,698)	(110)	(1,808)
Total comprehensive income for the period	-	-	-	(1,698)	(1,440)	(3,138)	(110)	(3,248)
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	(174)	-	-	(174)	-	(174)
Total transactions with owners	-	-	(174)	-	-	(174)	-	(174)
At 31 March 2016	69,490	(55)	171	(3,519)	(2,674)	63,413	(1,297)	62,116
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(4,101)	(4,101)	-	(4,101)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	(199)	-	(199)	68	(131)
Total comprehensive income for the period	-	-	-	(199)	(4,101)	(4,300)	68	(4,232)
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 30 June 2016	69,490	(55)	171	(3,718)	(6,775)	59,113	(1,229)	57,884
Total comprehensive income for the period								
Loss for the period					(38,884)	(38,884)	-	(38,884)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	1,379	-	1,379	34	1,413
Total comprehensive income for the period	-	-	-	1,379	(38,884)	(37,505)	34	(37,471)
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 30 September 2016	69,490	(55)	171	(2,339)	(45,659)	21,608	(1,195)	20,413
Total comprehensive income for the period								

Group	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
2015								
At 1 January 2015	63,870	(50)	342	(3,391)	(4,952)	55,819	(1,609)	54,210
Total comprehensive income for the period								
Profit for the period	-	-	-	-	1,307	1,307	93	1,400
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	546	-	546	(132)	414
Total comprehensive income for the period	-	-	-	546	1,307	1,853	(39)	1,814
Transactions with owners, recorded directly in equity								
Issuance of ordinary shares	2,620	-	-	-	-	2,620	-	2,620
Own shares acquired	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	2	-	-	2	-	2
Total transactions with owners	2,620	-	2	-	-	2,622	-	2,622
At 31 March 2015	66,490	(50)	344	(2,845)	(3,645)	60,294	(1,648)	58,646
Total comprehensive income for the period								
Profit for the period	-	-	-	-	1,732	1,732	25	1,757
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	1,281	-	1,281	(207)	1,074
Total comprehensive income for the period	-	-	-	1,281	1,732	3,013	(182)	2,831
Transactions with owners, recorded directly in equity								
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-
At 30 June 2015	66,490	(50)	344	(1,564)	(1,913)	63,307	(1,830)	61,477
Total comprehensive income for the period								
Profit for the period	-	-	-	-	785	785	100	885
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	(99)	-	(99)	39	(60)
Total comprehensive income for the period	-	-	-	(99)	785	686	139	825
Transactions with owners, recorded directly in equity								
Issuance of ordinary shares	3,000	-	-	-	-	3,000	-	3,000
Own shares acquired	-	(5)	-	-	-	(5)	-	(5)
Share-based compensation expense	-	-	1	-	-	1	-	1
Total transactions with owners	3,000	(5)	1	-	-	2,996	-	2,996
At 30 September 2015	69,490	(55)	345	(1,663)	(1,128)	66,989	(1,691)	65,298

1(d)(i) Statement of changes in equity (the Group and the Company) (continued)

Company	Share capital \$'000	Treasury Shares \$'000	Share-based compensation reserve \$'000	Accumulated (losses) / profits \$'000	Total equity \$'000
2016					
At 1 January 2016	69,490	(55)	345	(2,503)	67,277
Total comprehensive income for the period					
Loss for the period	-	-	-	(860)	(860)
Total comprehensive income for the period	-	-	-	(860)	(860)
Transactions with owners, recorded directly in equity					
Issuance of shares	-	-	-	-	-
Share-based compensation expense	-	-	(174)	-	(174)
Total transactions with owners	-	-	(174)	-	(174)
At 31 March 2016	69,490	(55)	171	(3,363)	66,243
Total comprehensive income for the period					
Loss for the period	-	-	-	(4,510)	(4,510)
Total comprehensive income for the period	-	-	-	(4,510)	(4,510)
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
At 30 June 2016	69,490	(55)	171	(7,873)	61,733
Total comprehensive income for the period					
Loss for the period	-	-	-	(35,844)	(35,844)
Total comprehensive income for the period	-	-	-	(35,844)	(35,844)
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
At 30 September 2016	69,490	(55)	171	(43,717)	25,889
2015					
At 1 January 2015	63,870	(50)	342	2,225	66,387
Total comprehensive income for the period					
Profit for the period	-	-	-	1,105	1,105
Total comprehensive income for the period	-	-	-	1,105	1,105
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	2,620	-	-	-	2,620
Share-based compensation expense	-	-	2	-	2
Total transactions with owners	2,620	-	2	-	2,622
At 31 March 2015	66,490	(50)	344	3,330	70,114
Total comprehensive income for the period					
Loss for the period	-	-	-	(459)	(459)
Total comprehensive income for the period	-	-	-	(459)	(459)
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	-	-	-	-	-
Share-based compensation expense	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
At 30 June 2015	66,490	(50)	344	2,871	69,655
Total comprehensive income for the period					
Profit for the period	-	-	-	2,407	2,407
Total comprehensive income for the period	-	-	-	2,407	2,407
Transactions with owners, recorded directly in equity					
Issuance of ordinary shares	3,000	-	-	-	3,000
Own shares acquired	-	(5)	-	-	(5)
Share-based compensation expense	-	-	1	-	1
Total transactions with owners	3,000	(5)	1	-	2,996
At 30 September 2015	69,490	(55)	345	5,278	75,058

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as 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**

Share Capital

There was no change in the Company's share capital during the financial period.

Share Options

Outstanding share options to subscribe for ordinary shares are as follows:

Grant date	Expiry date	Exercise price	Number outstanding as at	
			30-Sep-16	30-Sep-15
13 April 2010	12 April 2020	S\$ 0.34	250,000	250,000
27 April 2010	26 April 2020	S\$ 0.39	350,000	350,000
27 April 2010	26 April 2020	S\$ 0.31	130,000	130,000
5 May 2011	4 May 2021	S\$ 0.23	50,000	50,000
31 May 2012	30 May 2022	S\$ 0.15	231,000	231,000
			1,011,000	1,011,000

Treasury shares

Treasury shares held as at 30 September 2016 is 470,000 shares (31 December 2015: 470,000 shares).

There were no transactions relating to sale, transfer, disposal, cancellation and/or use of treasury shares during the period ended 30 September 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.**

Issued Share Capital

	Number of shares
Issued and paid-up share capital as at 31 December 2015	623,150,724
Total number of shares held as treasury	(470,000)
Issued and paid-up share capital as at 30 September 2016 net of treasury shares	622,680,724

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

Please refer to note 1 (d) (ii).

- 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 by the auditors of the Company.

- 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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the Group's audited financial statements for the financial year ended 31 December 2015.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The effect of the adoption of the new/revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS that are effective for the financial year beginning on 1 January 2016 has no material impact.

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

	Group			
	Third Quarter		Nine Months	
	1 Jul 2016 to 30 Sep 2016	1 Jul 2015 to 30 Sep 2015	1 Jan 2016 to 30 Sep 2016	1 Jan 2015 to 30 Sep 2015
Earnings per share of the Group:				
(a) (Loss) / Profit attributable to owners of the Company (S\$'000)	(38,884)	785	(44,425)	3,824
Weighted average number of ordinary shares ('000)	622,681	576,486	622,681	548,824
Basic earnings per share stated in cents	(6.24)	0.14	(7.13)	0.70
(b) (Loss) / Profit attributable to owners of the Company (S\$'000)	(38,884)	785	(44,425)	3,824
Adjusted weighted average number of ordinary shares ('000)	622,681	577,497	622,681	549,835
Diluted earnings per share stated in cents	(6.24)	0.14	(7.13)	0.70

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 financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net assets (S\$'000)	21,608	66,725	25,889	67,277
Number of ordinary shares ('000)	622,681	622,681	622,681	622,681
Net asset value per share (cents)	3.5	10.7	4.2	10.8

- 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**

Statement of Comprehensive Income

Results for 9M 2016:

Key reasons for the loss of 9M results are mainly due to the write down of other receivables for the Semua International Sdn Bhd and its subsidiaries ("Semua Group") and impairment of a vessel in the Vessel Chartering segment. The impacts of this are disclosed in Other Expenses.

The Group reported loss after tax of S\$44.4 million for the nine months ended 30 September 2016 ("9M 2016") as compared to profit after tax of S\$4.0 million for the nine months ended 30 September 2015 ("9M 2015") due to the following factors:

Total revenue decreased by S\$15.2 million, or 27.0%, to S\$41.1 million in 9M 2016 as compared to S\$56.3 million in 9M 2015. The decrease in total revenue was due to decrease in revenue from the Group's Vessel Chartering segment of S\$3.8 million and the Group's Equipment segment of S\$11.4 million.

Sales revenue from the Equipment segment decreased by S\$11.4 million, or 26.3%, to S\$32.0 million in 9M 2016 as compared to S\$43.4 million in 9M 2015 mainly due to lower sales of equipment parts to our customers.

Charter revenue from the Vessel Chartering segment decreased by S\$3.8 million, or 29.5%, to S\$9.1 million in 9M 2016 as compared to S\$12.9 million in 9M 2015. The decrease in charter revenue was due mainly to lower utilisation rate for our Arkstar fleet.

Total cost of sales decreased by S\$6.6 million, or 16.1%, to S\$34.5 million in 9M 2016 as compared to S\$41.1 million in 9M 2015 mainly due to decrease in cost of sales of equipment parts by S\$6.5 million, or 20.8%, to S\$24.8 million and Vessel Chartering segment by S\$0.1 million, or 1.3%, to S\$9.7 million, in 9M 2016 respectively. The decrease in cost of sales was mainly due to decrease in sales of equipment parts in Equipment segment and lower vessel operating cost in the Vessel Chartering segment.

Overall gross profit margin decreased to 16.0% in 9M 2016 as compared to 27.0% in 9M 2015. The Vessel chartering segment is the key contributing factor of the decrease in profit margin with gross profit margin decreased by S\$3.7 million in 9M 2016.

Other income decreased by S\$0.8 million, or 42.0%, to S\$1.1 million in 9M 2016 which was mainly due to decrease in rental income.

Distribution expenses increased by S\$0.2 million, or 7.8%, to S\$3.2 million for 9M 2016 which was mainly due to service and brokerage fee for vessel chartering business..

Other expenses increased by S\$37.7 million, or 1,143.6% to S\$41.0 million in 9M 2016 mainly due to impairment of other receivables of Semua Group of S\$29.7 million, impairment of property, plant and equipment of \$6.7 million and exchange loss of \$0.3 million and lower stock obsolescence write back of S\$1.0 million.

Net finance cost increase by S\$0.5 million, or 31.8%, in 9M 2016 which was mainly due to higher loan interest from bank borrowings.

The Group has ceased to equity account for the results of its associate, Semua Group, as the Group has fully impaired its equity investment. The group has also fully impaired the loan to Semua Group.

Other comprehensive income for 9M 2016:

Foreign currency translation loss of S\$0.5 million arising from foreign operations in 9M 2016 related mainly to the Group's net investment in foreign operations which are denominated in United States Dollar ("USD"), as the USD depreciated against the Singapore Dollar ("SGD") in 9M 2016.

Results for Q3 2016:

The Group reported loss after tax of S\$38.9 million for the three months ended 30 September 2016 ("Q3 2016") as compared to profit after tax of S\$0.9 million for the three months ended 30 September 2015 ("Q3 2015") due to the following factors:

Total revenue decreased by S\$4.8 million, or 26.1%, to S\$13.6 million in Q3 2016 as compared to S\$18.4 million in Q3 2015. The decrease in total revenue was due to decrease in revenue from the Group's Vessel Chartering segment of S\$1.5 million and the Group's Equipment segment of S\$3.3 million.

Sales revenue from the Equipment segment decreased by S\$3.3 million, or 23.1%, to S\$11.0 million in Q3 2016 as compared to S\$14.3 million in Q3 2015 mainly due to lower demand for third party brands of equipment parts from our customers.

Charter revenue from the Vessel Chartering segment decreased by S\$1.5 million, or 36.6%, to S\$2.6 million in Q3 2016 as compared to S\$4.1 million in Q3 2015. The decrease in charter revenue was due mainly to lower utilisation rate for our Arkstar fleet.

Total cost of sales decreased by S\$0.4 million, or 2.8%, to S\$12.4 million in Q3 2016 as compared to S\$12.7 million in Q3 2015 mainly due to decrease in cost of sales of Equipment segment by S\$3.2 million, or 28.0% and offset by the increase in Vessel Chartering segment by S\$1.8 million, or 143.1%, in Q3 2016. The decrease in cost of sales of equipment parts was mainly due to lower manufacturing costs. The increase in cost of sales of the Vessel Chartering segment was mainly due to the increase in vessel operating costs.

Overall gross profit margin decreased to 9.3% in Q3 2016 as compared to 31.0% in Q3 2015. The Vessel Chartering segment is the key contributing factor for the decrease in profit margin with decrease in profit margin by S\$3.8 million in Q3 2016 offset by the increase in profit margin of the Equipment segment by S\$0.6 million.

Other income decreased by S\$0.7 million, or 98.2% mainly due a decrease of S\$0.7 million in rental income.

Distribution expenses increased by S\$0.4 million, or 41.6%, to S\$1.2 million for Q3 2016 which was mainly due to service and brokerage fee for vessel chartering business.

Administrative expenses increased by S\$0.3 million, or 20.5%, to S\$2.0 million for Q3 2016 which was mainly due to increase in legal and professional fees.

Other expenses increased by S\$33.7 million, or 1,371.2% to S\$36.1 million in Q3 2016 mainly due to impairment of other receivables relating to Semua Group of S\$28.3 million, impairment of property, plant and equipment of \$6.7 million, higher repair and maintenance expenses of \$0.3 million and doubtful receivable of \$0.2 million offset by exchange loss of \$1.8 million in Q3 2015.

Net finance costs increased by S\$0.2 million, or 45.4%, to S\$0.8 million in Q3 2016 mainly due to higher loan interest from bank borrowing.

Other comprehensive income for Q3 2016:

Foreign currency translation gain of S\$1.4 million in Q3 2016 was mainly due to the reversal of unrealised exchange gain arising on revaluation of foreign currency loans in Semua Group.

Statement of Financial Position

Property, plant and equipment decreased by S\$12.8 million, or 16.1%, to S\$66.6 million as at 30 September 2016 mainly due to the provision of impairment of one of the vessel of S\$6.7 million and foreign currency translation loss arising from the translation of USD denominated property, plant and equipment of certain subsidiaries into SGD as a result of the depreciation of the USD against the SGD in 9M 2016 and additional depreciation expense charged for FY2016.

Trade and other receivables decreased by S\$37.8 million, or 61.5%, to S\$23.7 million as at 30 September 2016 mainly due to the impairment of other receivables of S\$29.7 million relating to Semua Group and a decrease in sales.

Financial liabilities decreased by S\$7.0 million, or 8.3%, to S\$76.9 million at 30 September 2016 due mainly to repayment of borrowings.

Deferred income resulted from the sale and leaseback of the Company's leasehold property and A&A Extension, which was completed on 13 June 2011 and 9 January 2013 respectively. Deferred income, being the excess of the sale consideration over its fair value, is a portion of the total gain on sale of the property and A&A Extension, which is deferred and amortized on a straight-line basis over the applicable non-cancellable lease term. Deferred income decreased by S\$2.3 million, or 100%, at 30 September 2016 due the full amortisation of deferred income in 1H 2016.

Trade and other payables increased by S\$0.7 million, or 4.2%, to S\$16.8 million as at 30 September 2016 mainly due to the increased in trade payables for purchase of inventories in 9M 2016.

Statement of Cash Flows

In 9M 2016, the Group generated net cash outflows of S\$1.5 million, mainly comprising net cash inflows from operating activities of S\$5.9 million and offset by net cash outflows from investing activities and financing activities of S\$0.3 million and S\$9.2 million respectively.

At 30 September 2016, the Group's cash and cash equivalents amounted to S\$0.9 million (31 December 2015: S\$3.1 million).

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and 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

The global macroeconomic environment continues to be challenging. The Group remains cautious with regards to market conditions and will continue to be vigilant in managing costs and improving operational efficiencies going forward.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended 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 or recommended, a statement to that effect

No applicable.

13 Interested Person Transactions

Period ended 30 September 2016		
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Hoe Leong Plastic Industry (China) Ltd		
- Rental expense	321	-
Hoe Leong Co. (Pte) Ltd		
- Interest payable on shareholder's loan	101	-

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative Assurance Confirmation

We, Kuah Geok Lin and Kuah Geok Khim, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company that may render the unaudited financial results of the Group for the financial period ended 30 September 2016 to be materially false or misleading.

BY ORDER OF THE BOARD

Kuah Geok Lin
Chairman and CEO
14 November 2016