

OEL (HOLDINGS) LIMITED

(Company Registration No: 198403368H)

Third Quarter and Nine Months Financial Statement and Dividend Announcement for the Period Ended 30.09.2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of Comprehensive Income

	Group					
	3Q 2019 S\$'000	3Q 2018 S\$'000	Change %	YTD Sept 2019 S\$'000	YTD Sept 2018 S\$'000	Change %
Revenue	57	221	-74.2%	123	664	-81.5%
Other operating income	7	6	16.7%	21	19	10.5%
Administrative expenses	(104)	(100)	4.0%	(312)	(337)	-7.4%
Other operating expenses	(186)	(179)	3.9%	(531)	(534)	-0.6%
Finance costs	(29)	(7)	NM	(77)	(20)	NM
Loss before tax	(255)	(59)	NM	(776)	(208)	NM
Income tax expenses *	102	-	NA	102	(105)	NM
Loss for the period	(153)	(59)	NM	(674)	(313)	NM

Loss attributable to:

Owners of the Company

(153)	(59)	NM	(674)	(313)	NM
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NM = Not meaningful

NA = Not applicable

* Over /(under) provision of income tax of prior years

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

Loss for the period is stated after (charging)/ crediting the following:

Depreciation of property, plant and equipment

Depreciation of right-of-use asset

Interest expense

Interest expense on lease liabilities

Over/(under) provision of tax in prior years

Group					
3Q 2019 S\$'000	3Q 2018 S\$'000	Change %	YTD Sept 2019 S\$'000	YTD Sept 2018 S\$'000	Change %
(85)	(84)	1.2%	(254)	(253)	0.4%
(74)	-	NA	(220)	-	NA
(16)	(7)	NM	(43)	(20)	NM
(13)	-	NA	(34)	-	NA
102	-	NA	102	(105)	NM

1(a)(iii) Statement of Other Comprehensive Income

Loss for the period

Other comprehensive loss:

Item that will not be reclassified subsequently to profit or loss

Total comprehensive loss for the period

Total comprehensive loss attributable to:

Owners of the Company

Group					
3Q 2019 S\$'000	3Q 2018 S\$'000	Change %	YTD Sept 2019 S\$'000	YTD Sept 2018 S\$'000	Change %
(153)	(59)	NM	(674)	(313)	NM
-	-	NA	-	-	NA
(153)	(59)	NM	(674)	(313)	NM
(153)	(59)	NM	(674)	(313)	NM

NM = Not meaningful

NA = Not applicable

1(b)(i) A Consolidated Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

B) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30.09.2019	31.12.2018	30.09.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and bank balances	42	21	42	21
Other receivables	40	32	44	35
Total current assets	82	53	86	56
Non-current assets:				
Other non-current assets	-	-	26	26
Property, plant and equipment	8,064	8,317	8,064	8,317
Right-of-use asset	7,439	-	7,439	-
Total non-current assets	15,503	8,317	15,529	8,343
Total assets	15,585	8,370	15,615	8,399
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	113	119	113	119
Other payables	175	166	174	165
Loan from a director	556	50	556	50
Bank loans	1,150	1,150	1,150	1,150
Current portion of lease liabilities	241	-	241	-
Income tax payables	1	104	1	104
Total current liabilities	2,236	1,589	2,235	1,588
Non-current liabilities:				
Deferred tax liabilities	281	281	281	281
Lease liabilities	7,280	-	7,280	-
Total non-current liabilities	7,561	281	7,561	281
Capital and reserves:				
Share capital	38,530	38,530	38,530	38,530
Reserves	(32,742)	(32,030)	(32,711)	(32,000)
Net equity	5,788	6,500	5,819	6,530
Total liabilities and equity	15,585	8,370	15,615	8,399

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

Amount repayable in one year or less, or on demand

As at 30.09.2019		As at 31.12.2018	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
1,150	556	1,150	50

Amount repayable after one year

As at 30.09.2019		As at 31.12.2018	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The above borrowings of S\$1.15 million as at 30 September 2019 and 31 December 2018 were secured by a property of the Company.

The unsecured borrowing of S\$0.56 million as at 30 September 2019 and S\$0.05 million as at 31 December 2018 were from a director who is also a controlling shareholder of the Company. Repayment is dependent on the availability of working capital of the Company.

1(c) A Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3Q 2019	3Q 2018	YTD Sept 2019	YTD Sept 2018
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Loss before tax	(255)	(59)	(776)	(208)
Adjustments for:				
Depreciation of property, plant and equipment	85	84	254	253
Depreciation right-of-use asset	74	-	220	-
Interest expense	16	7	43	20
Interest expenses on lease liabilities	13	-	34	-
Operating cash flows before movement in working capital	(67)	32	(225)	65
Other receivables	9	(59)	(8)	(64)
Trade payables	(8)	3	(6)	-
Other payables	2	(18)	(18)	(94)
Net cash used in operations	(64)	(42)	(257)	(93)
Income tax	-	-	-	(4)
Interest paid	(17)	(7)	(43)	(20)
Net cash used in operating activities	(81)	(49)	(300)	(117)
Financing activities				
Loan from a director of the Company	150	-	506	-
Repayment of lease liabilities	(47)	-	(185)	-
Repayment of bank loan	-	-	-	(100)
Net cash generated from/ (used in) financing activities	103	-	321	(100)
Net increase/(decrease) in cash and cash equivalents	22	(49)	21	(217)
Cash and cash equivalents at beginning of the year	20	114	21	282
Cash and cash equivalents at end of the year	42	65	42	65

1(d)(i) A Statement of Changes in Equity (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	SHARE CAPITAL	CURRENCY TRANSLATION RESERVE	REVALUATION RESERVE	SHARE ISSUE RESERVE	ACCUMULATED LOSSES	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.01.2018	38,530	-	7,853	(182)	(39,141)	7,060
Reclassification to profit or loss on disposal of subsidiary	-	-	-	-	(70)	(70)
Loss for the year	-	-	-	-	(519)	(519)
Other comprehensive income for the year						
Net surplus on revaluation of leasehold building	-	-	29	-	-	29
Total	-	-	29	-	(519)	(490)
Balance as at 31.12.2018	38,530	-	7,882	(182)	(39,730)	6,500
Balance as at 01.01.2019	38,530	-	7,882	(182)	(39,730)	6,500
Effect on adoption of SFRS(I)16	-	-	-	-	(38)	(38)
Loss for the period	-	-	-	-	(674)	(674)
Total	-	-	-	-	(674)	(674)
Balance as at 30.09.2019	38,530	-	7,882	(182)	(40,442)	5,788

COMPANY	SHARE CAPITAL	REVALUATION RESERVE	SHARE ISSUE RESERVE	ACCUMULATED LOSSES	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 01.01.2018	38,530	7,853	(182)	(39,113)	7,088
Loss for the year	-	-	-	(587)	(587)
Other comprehensive income for the year					
Net surplus on revaluation of leasehold building	-	29	-	-	29
Total	-	29	-	(587)	(558)
Balance as at 31.12.2018	38,530	7,882	(182)	(39,700)	6,530
Balance as at 01.01.2019	38,530	7,882	(182)	(39,700)	6,530
Effect on adoption of SFRS(I)16	-	-	-	(38)	(38)
Total comprehensive loss for the period					
Loss for the period	-	-	-	(673)	(673)
Total	-	-	-	(673)	(673)
Balance as at 30.09.2019	38,530	7,882	(182)	(40,411)	5,819

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

There was no movement in the issued capital of the Company since 31 December 2018. The Company has no outstanding convertible securities as at 30 September 2019 and as at 30 September 2018. The Company holds no treasury shares or subsidiary holdings as at 30 September 2019 and as at 30 September 2018.

- 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 financial year.**

	As at 30.09.2019	As at 31.12.2018
Total number of shares excluding treasury shares	668,266,667	668,266,667

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

There were no sales, transfers, cancellation and/ or use of treasury shares as at 30 September 2019. The Company did not hold any treasury shares as at 30 September 2019.

- 1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have any subsidiary holdings as at 30 September 2019.

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

The figures have neither been audited nor reviewed by our auditor.

- 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 Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2018 except as explained in Note 5 below.

- 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 effects of, the change.**

The Group has adopted Singapore Financial Reporting Standards (International) ["SFRS(I)"] 16 Leases effective on 1 January 2019. The Group has adopted the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases will be measured on transition as if the new rules had always been applied.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The right-of-use asset as at 30 September 2019 was related to the lease of land at No. 8 Aljunied Avenue 3, Singapore. Accordingly, there was a corresponding increase in lease liabilities. The lease liabilities relate to the present value of future lease payments due to JTC.

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			
	3Q 2019	3Q 2018	YTD Sept 2019	YTD Sept 2018
Loss per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on weighted average number of ordinary shares in issue	(0.02) cent	(0.01) cent	(0.10) cent	(0.05) cent
(ii) On a fully diluted basis*	(0.02) cent	(0.01) cent	(0.10) cent	(0.05) cent

Note: The net earnings per share for the nine months ended 30 September 2019 is calculated based on 668,266,667 ordinary shares in issue (30 September 2018: 668,266,667).

NA = not applicable

* There are neither any instruments that are convertible into ordinary shares of the Company nor any share options outstanding.

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	
	As at 30.09.2019	As at 31.12.2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	0.87 cent	0.97 cent

	Company	
	As at 30.09.2019	As at 31.12.2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	0.87 cent	0.98 cent

Note: The net asset value per ordinary share is calculated based on the issued share capital of 668,266,667 ordinary shares as at 30 September 2019 (31 December 2018: 668,266,667 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.**

Revenue

The Group earned rental income from leasing part of its property at No. 8 Aljunied Avenue 3, Singapore.

The Group generated revenue of S\$0.06 million in the third quarter 2019 ("3Q2019") as compared to S\$0.22 million in the third quarter 2018 ("3Q2018"). For nine months ended 30 September 2019 ("YTD 3Q2019"), the Group recorded revenue of S\$0.12 million as compared to S\$0.66 million for nine months ended 30 September 2018 ("YTD 3Q2018").

The lower revenue in YTD 3Q2019 was due to lower rental rates, reduced leased area and absence of revenue in January 2019 as the new tenancy commenced on 1 February 2019.

Other Operating Income

The other operating income remained stable at S\$0.02 million in YTD 3Q2019 and YTD 3Q2018.

Operating Expenses

Operating expenses comprised mainly administrative and other operating expenses.

In 3Q2019, total operating expenses amounted to S\$0.29 million as compared to S\$0.28 million in 3Q2018. In YTD 3Q2019, total operating expenses amounted to S\$0.84 million as compared to S\$0.87 million in YTD 3Q2018. The lower total expenses in YTD 3Q2019 were due mainly to lower manpower cost and lower directors' fees.

In 3Q2019 and YTD 3Q2019, the Group incurred higher finance cost due to higher borrowings and additional interest expense on lease liabilities. The interest expense on lease liabilities incurred following the adoption of SFRS(I) 16 Leases.

Loss from Operations

The Group reported a loss of S\$0.15 million in 3Q2019 and S\$0.67 million in YTD 3Q2019 as compared to a loss of S\$0.06 million in 3Q2018 and S\$0.31 million in YTD 3Q2018.

The higher loss in 3Q2019 and YTD 3Q2019 was attributable mainly to lower revenue and higher finance costs.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the above, the Group reported a loss attributable to owners of the Company of S\$0.67 million in YTD 3Q2019 as compared to a loss of S\$0.31 million in YTD 3Q2018.

REVIEW OF WORKING CAPITAL, ASSETS AND LIABILITIES

The Group's current assets increased from S\$0.05 million as at 31 December 2018 to S\$0.08 million as at 30 September 2019. The increase was attributable to higher cash and bank balances, higher prepayment made and other receivables.

The Group's non-current asset increased from S\$8.32 million as at 31 December 2018 to S\$15.50 million as at 30 September 2019. The increase was attributable mainly to the right-of-use asset following the adoption of SFRS(I) 16 Leases on 1 January 2019. It comprises the land lease which was recognised in the statements of financial position.

The Group's current liabilities increased from S\$1.59 million as at 31 December 2018 to S\$2.24 million as at 30 September 2019. The increase was attributable mainly to the loan extended by a director who is also a controlling shareholder of the Company and recognition of the current lease liabilities.

The Group's non-current liabilities increased from S\$0.28 million as at 31 December 2018 to S\$7.56 million as at 30 September 2019. The increase was due to the recognition of the lease liabilities following the adoption of SFRS(I) 16 Leases.

As at 30 September 2019, the Group has net current liabilities of S\$2.15 million. Management will continue to manage its cash flow conservatively. The Group is exploring and evaluating business opportunities to improve its cash flow and is dependent on the bank's continued support for the business continuity. A director who is also the controlling shareholder of the Company has given his undertaking to provide continuing financial support to the Company to meet its working capital requirements.

REVIEW OF CASH FLOW STATEMENT

Cash flow from operating activities for YTD 3Q2019 was a net cash outflow of S\$0.30 million and a net cash outflow of S\$0.12 million for the corresponding period of the immediately preceding financial year. The higher net cash outflow for YTD 3Q2019 was due mainly to lower revenue.

- 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 existing lease of the property at No. 8 Aljunied Avenue 3, Singapore will expire on 31 January 2020. Management is in the midst of negotiating with the existing tenant for an extension of lease period. Management is also actively looking for new tenants. The Group continues to explore and evaluate strategic business opportunities, including but not limited to strategic investment, partnerships, or acquisitions, that have potential to generate value for shareholders.

- 11 Dividend**

(a) Current Financial Period Reported On

Any dividend proposed for the current financial period reported on? None

Name of dividend	NA
Dividend Type	NA
Dividend Amount per Share (in cents)	NA
Dividend Rate (in %)	NA
Tax Rate	NA

(b) Corresponding Period of the Immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

Name of dividend	NA
Dividend Type	NA
Dividend Amount per Share (in cents)	NA
Dividend Rate (in %)	NA
Tax Rate	NA

(c) Whether the dividend is before tax, net of tax or tax exempt?

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect and the reasons(s) for the decision.

No dividend has been declared or recommended for the financial period ended 30 September 2019 in view of the fact that the Company was in a loss making position.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transaction (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual (Section B: Rules of Catalist). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions (“IPTs”).

14 Confirmation pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalist)

The Board of Directors hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the financial period ended 30 September 2019 to be false or misleading in any material aspect.

15 Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual (Section B: Rules of Catalist)

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with Rule 720(1) of the Listing Manual (Section B: Rules of Catalist) from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

TAN CHING CHEK
COMPANY SECRETARY
13 November 2019

This announcement has been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

Name: Mr Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757