

# OEL (HOLDINGS) LIMITED

(Company Registration No: 198403368H)

## Second Quarter and Half Year Financial Statement and Dividend Announcement for the Period Ended 30.06.2016

### PART I - INFORMATION REQUIRED FOR QUARTERLY AND HALF-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 period.

#### 1(a)(i) Statement of Comprehensive Income

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
<b><u>Continuing Operations</u></b>						
Revenue	794	515	54.2%	1,164	1,374	-15.3%
Cost of sales	(556)	(478)	16.3%	(1,007)	(4,888)	-79.4%
Gross profit/ (loss)	238	37	543.2%	157	(3,514)	NM
Other operating income	10	23	-56.5%	20	56	-64.3%
Distribution costs	(1)	(15)	-93.3%	(2)	(34)	-94.1%
Administrative expenses	(487)	(519)	-6.2%	(1,037)	(1,261)	-17.8%
Other operating expenses	(14)	(2,803)	-99.5%	(1,204)	(2,920)	-58.8%
Finance costs	(5)	(5)	0.0%	(10)	(12)	-16.7%
Loss before tax	(259)	(3,282)	-92.1%	(2,076)	(7,685)	-73.0%
Income tax **	-	-	NA	(201)	-	NM
Loss for the period	(259)	(3,282)	-92.1%	(2,277)	(7,685)	-70.4%

Loss attributable to:

Owners of the Company

(259)	(3,282)	-92.1%	(2,277)	(7,685)	-70.4%
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NM = Not meaningful

NA = Not applicable

\*\* Under provision of income tax of prior years

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

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Loss for the period is stated after (charging) crediting the following:						
Depreciation of property, plant and equipment	(366)	(293)	24.9%	(736)	(610)	20.7%
Foreign currency exchange adjustment gain/ (loss)	197	(2,434)	NM	(788)	(1,856)	-57.5%
Property, plant and equipment written off	(4)	-	NM	(8)	-	NM
Gain on disposal of property, plant and equipment	16	15	6.7%	52	15	246.7%
Interest income	1	3	-66.7%	1	11	-90.9%
Interest expenses	(5)	(5)	0%	(10)	(12)	-16.7%
Under provision of tax in prior years	-	-	NA	(201)	-	NM
Project costs written off	-	-	NA	-	(3,820)	NM

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

	Group					
	2Q 2016 S\$'000	2Q 2015 S\$'000	Change %	1H 2016 S\$'000	1H 2015 S\$'000	Change %
Loss for the period	(259)	(3,282)	-92.1%	(2,277)	(7,685)	-70.4%
Other comprehensive loss:						
Item that may be reclassified subsequently to profit or loss						
- exchange differences on translation of foreign operations	(120)	2,549	NM	898	2,360	-61.9%
Total comprehensive loss for the period	(379)	(733)	-48.3%	(1,379)	(5,325)	-74.1%
Total comprehensive loss attributable to:						
Owners of the Company	(379)	(733)	-48.3%	(1,379)	(5,325)	-74.1%

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>Group</b>		<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and bank balances	642	1,534	450	1,295
Trade receivables	84	154	11	24
Other receivables	1,636	1,673	42	30
Other current assets	3,000	3,000	-	-
Inventories	6,134	6,136	-	-
<b>Total current assets</b>	<b>11,496</b>	<b>12,497</b>	<b>503</b>	<b>1,349</b>
<b>Non-current assets:</b>				
Associates	-	-	-	-
Other non-current assets	12	12	38	38
Property, plant and equipment	9,013	9,854	4,680	4,773
Investment property	3,741	3,741	3,741	3,741
<b>Total non-current assets</b>	<b>12,766</b>	<b>13,607</b>	<b>8,459</b>	<b>8,552</b>
<b>Total assets</b>	<b>24,262</b>	<b>26,104</b>	<b>8,962</b>	<b>9,901</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities:</b>				
Trade payables	8,288	8,841	308	268
Other payables	2,316	2,409	1,436	1,465
Income tax payables	141	-	141	-
Finance leases	33	33	33	33
Bank loans	500	500	500	500
<b>Total current liabilities</b>	<b>11,278</b>	<b>11,783</b>	<b>2,418</b>	<b>2,266</b>

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities:</b>				
Finance leases	16	33	16	33
Income tax payables	59	-	59	-
Deferred tax liabilities	288	288	288	288
Total non-current liabilities	363	321	363	321
<b>Capital and reserves:</b>				
Share capital	38,530	38,530	38,530	38,530
Reserves	(25,909)	(24,530)	(32,349)	(31,216)
Equity attributable to owners of the Company	12,621	14,000	6,181	7,314
Net equity	12,621	14,000	6,181	7,314
<b>Total liabilities and equity</b>	<b>24,262</b>	<b>26,104</b>	<b>8,962</b>	<b>9,901</b>

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

Amount repayable in one year or less, or on demand

As at 30.06.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
533	-	533	-

Amount repayable after one year

As at 30.06.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
16	-	33	-

**Details of any collateral**

The above secured borrowings are secured by a property and certain plant and equipment of the Group and 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 period.**

	<b>Group</b>			
	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>1H 2016</b>	<b>1H 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax	(259)	(3,282)	(2,076)	(7,685)
Adjustments for:				
Depreciation of property, plant and equipment	366	293	736	610
Gain on disposal of property, plant and equipment	(16)	(15)	(52)	(15)
Property, plant and equipment written off	4	-	8	-
Interest expenses	5	5	10	12
Interest income	(1)	(3)	(1)	(11)
Project costs written off	-	-	-	3,000
Operating gain/(loss) before movements in working capital	99	(3,002)	(1,375)	(4,089)
Trade receivables	(18)	(833)	(85)	52
Other receivables	31	207	7	2,964
Inventories	-	3	2	12
Trade payables	(326)	(1,164)	(57)	(989)
Other payables	(196)	1,803	572	(1,516)
Cash used in operations	(410)	(2,986)	(936)	(3,566)
Interest paid	(5)	(5)	(10)	(12)
Interest received	1	3	1	11
Net cash used in operating activities	(414)	(2,988)	(945)	(3,567)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of available-for-sale investment	-	-	-	(12)
Proceeds on disposal of property, plant and equipment	15	19	52	19
Net cash from investing activities	15	19	52	7

	<b>Group</b>			
	<b>2Q 2016</b> <b>S\$'000</b>	<b>2Q 2015</b> <b>S\$'000</b>	<b>1H 2016</b> <b>S\$'000</b>	<b>1H 2015</b> <b>S\$'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of bank loans	-	(186)	-	(369)
Repayment of obligations under finance leases	(9)	(9)	(17)	(17)
Restricted cash	-	474	597	2,845
Net cash (used in) from financing activities	(9)	279	580	2,459
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(408)	(2,690)	(313)	(1,101)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	833	3,183	712	1,593
Effect of exchange rate changes on the balance of cash held in foreign currencies	(8)	6	18	7
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	417	499	417	499

Represented by :

	<b>30.06.2016</b> <b>S\$'000</b>	<b>30.06.2015</b> <b>S\$'000</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	642	2,282
Less: Restricted cash*	(225)	(1,783)
	417	499
	417	499

Restricted cash mainly comprises the retention sum which forms part of the cash proceeds from the disposal of the distribution business in financial year 2013 and is expected to be released to the Company upon fulfillment of all obligations.

**1(d)(i) A Statement of Changes in Equity (for the issuer and group) showing either (i) all changes in equity or (ii) changes inequity 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 (S\$'000)	SHARE CAPITAL	CURRENCY TRANSLATION RESERVE	REVALUATION RESERVE	SHARE ISSUE RESERVE	ACCUMULATED LOSSES	ATTRIBUTABLE TO OWNERS OF THE COMPANY	
							TOTAL
Balance at 01.01.2015	38,530	(1,956)	6,539	(182)	(22,503)	20,428	20,428
<b>Total comprehensive (loss)/income for the year</b>							
Loss for the year	-	-	-	-	(9,468)	(9,468)	(9,468)
Other comprehensive income for the year	-	3,040	-	-	-	3,040	3,040
Total	-	3,040	-	-	(9,468)	(6,428)	(6,428)
Balance at 31.12.2015	38,530	1,084	6,539	(182)	(31,971)	14,000	14,000
Balance at 01.01.2016	38,530	1,084	6,539	(182)	(31,971)	14,000	14,000
<b>Total comprehensive (loss)/income for the period</b>							
Loss for the period	-	-	-	-	(2,277)	(2,277)	(2,277)
Other comprehensive income for the period	-	898	-	-	-	898	898
Total	-	898	-	-	(2,277)	(1,379)	(1,379)
Balance at 30.06.2016	38,530	1,982	6,539	(182)	(34,248)	12,621	12,621



COMPANY (S\$'000)	SHARE CAPITAL	REVALUATION RESERVE	SHARE ISSUE RESERVE	ACCUMULATED LOSSES	TOTAL
Balance at 01.01.2015	38,530	6,539	(182)	(25,572)	19,315
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	-	-	(12,001)	(12,001)
Total	-	-	-	(12,001)	(12,001)
<b>Transactions with owners, recognised directly in equity</b>					
Balance at 31.12.2015	38,530	6,539	(182)	(37,573)	7,314
Balance at 01.01.2016	38,530	6,539	(182)	(37,573)	7,314
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	-	(1,133)	(1,133)
Total	-	-	-	(1,133)	(1,133)
Balance at 30.06.2016	38,530	6,539	(182)	(38,706)	6,181

**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.**

There is no change in the Company's share capital since the end of the immediately preceding financial year. The Company has no outstanding convertible securities as at 30 June 2016 and 31 December 2015.

**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.**

	30.06.2016	31.12.2015
Total number of shares excluding treasury shares	668,266,667	668,266,667

**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.**

There were no sales, transfers, disposal, cancellation and/ or use of treasury shares as at 30 June 2016 and 31 December 2015. The Company does not have any treasury shares as at 30 June 2016 and 31 December 2015.

**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 auditors.

**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 for the adoption of revised Financial Reporting Standards ("FRS") as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with those used in the audited financial statements for the 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 effects of, the change.**

The Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs does not result in significant changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends**

	<b>Group</b>			
	<b>2Q 2016</b>	<b>2Q 2015</b>	<b>1H 2016</b>	<b>1H 2015</b>
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	(0.04) cents	(0.49) cents	(0.34) cents	(1.15) cents
(ii) On a fully diluted basis*	(0.04) cents	(0.49) cents	(0.34) cents	(1.15) cents

Note: The net earnings per share for the three months ended 30 June 2016 is calculated based on 668,266,667 ordinary shares in issue (30 June 2015: 668,266,667).

\* 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 period reported on and (b) immediately preceding financial period.**

	<b>Group</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	1.89 cents	2.09 cents

  

	<b>Company</b>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	0.92 cents	1.09 cents

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 June 2016 (31 December 2015: 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.**

### **CONTINUING OPERATIONS**

The Group continues to operate its Shipyard mainly from providing ship repairs services. The Group also derives rental income from leasing of its property at No. 8 Aljunied Avenue 3 in Singapore.

#### **Revenue**

The Group posted revenue of S\$0.79 million in 2<sup>nd</sup> Quarter 2016 ("2Q2016") as compared to S\$0.52 million in 2<sup>nd</sup> Quarter 2015 ("2Q2015"). In 1<sup>st</sup> Half 2016 ("1H2016"), the Group recorded revenue of S\$1.16 million compared to S\$1.37 million in 1<sup>st</sup> Half 2015 ("1H2015").

Revenue from the Shipyard operations amounted to S\$0.55 million in 2Q2016 and S\$0.67 million in 1H2016. The property Management recorded rental income of S\$0.24 million in 2Q2016 and S\$0.49 million in 1H2016.

#### **Gross Profit/(Loss)**

The Group posted a gross profit of S\$0.24 million in 2Q2016 as compared to S\$0.04 million in 2Q2015. In 1H2016, the Group recorded a gross profit of S\$0.16 million compared to a gross loss of S\$3.51 million in 1H2015. The gross profit in 1H2016 was due to the absence of write-offs of projects costs in 1H2015.

#### **Other Operating Income**

The Group registered other operating income of S\$0.02 million in 1H2016 as compared to S\$0.06 million in 1H2015.

The higher operating income in 1H2015 was due to negotiated discounts received for amounts owing to certain suppliers of the Shipyard operations and higher interest income.

#### **Operating Expenses**

Operating expenses comprise mainly distribution, administrative and other operating expenses. In 2Q2016, total operating expenses amounted to S\$0.5 million compared to S\$3.34 million in 2Q2015. In 1H2016, total operating expenses amounted to S\$2.24 million compared to S\$4.22 million in 1H2015. The lower total operating expenses in 1H2016 was due to the lower unrealised exchange loss, reduction in legal and professional fee, reduction in manpower cost and operating expenses due to the implementation of cost saving measures.

#### **Loss from Continuing Operations**

The Group reported a loss of S\$2.3 million in 1H2016 as compared to S\$7.7 million in 1H2015.

The lower loss was attributed mainly to absence of write offs for the Shipyard operation's assets, lower unrealised exchange loss, reduction in legal and professional fee, reduction in manpower cost and operating expenses due to cost saving measures.

## **PROFIT / LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

As a result of the above, the Group recorded a loss attributable to owners of the company of S\$2.3 million for 1H2016 as compared to a loss of S\$7.7 million for 1H2015.

## **REVIEW OF WORKING CAPITAL, ASSETS AND LIABILITIES**

The Group's current assets decreased to S\$11.5 million as at 30 June 2016 from S\$12.5 million as at 31 December 2015 due mainly to a reduction cash and bank balances.

Current liabilities stood at S\$11.3 million as at 30 June 2016 and S\$11.8 million as at 31 December 2015.

Based on the above, the Group had positive working capital (total current assets less total current liabilities) of S\$0.2 million as at 30 June 2016.

## **REVIEW OF CASH FLOW STATEMENT**

Cash flow from operating activities was a net cash outflow of S\$0.95 million as compared to a net cash outflow of S\$3.57 million for the same corresponding period of last year. The net cash outflow was mainly due to the losses incurred by the Group.

**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 Group continues to execute cost-containment measures for its Shipyard operations. It is also exploring various options for its Shipyard operations, including repair work, outsourcing and provision of other services.

As part of its efforts to explore new business avenue, the diversification of the Group's business scope to include the mineral, oil and gas business was approved by shareholders at an EGM held on 23 June 2015.

The Company has on 30 June 2015 entered into a conditional sale and purchase agreement to acquire a stake of 51% in Allied Resources Limited ("Allied Resources") (the "Acquisition") for a consideration of S\$18.2 million in cash and shares. Allied Resources owns 50% interests in Qian An Oilfield Development Co. Ltd. ("Qian An") which is jointly owned by PetroChina Company Limited. Qian An is principally engaged in the exploration, development and production of oil and natural gas from two oil fields in Jilin, China. The oil fields are currently in production.

On 15 July 2016, the Company announced the completion of the proposed Acquisition. For details, please refer to the Company's announcement.

On 19 August 2015 at an EGM, the shareholders approved the proposed issue of up to S\$40 million in aggregate principal amount of redeemable zero coupon convertible bonds.

On 14 April 2016, its wholly-owned subsidiary, OSEC Shipyard Pte Ltd ("OSEC") filed an application to the High Court of Singapore under Section 227B of the Companies Act, for OSEC to be placed under judicial management, and for judicial managers to be appointed to manage the affairs, business and property of OSEC. For details, please refer to the Company's announcement.

On 23 June 2016, the Company announced that OSEC's judicial management application has not been allowed by the High Court of Singapore. The Board is taking the necessary advice and will update the Company's shareholders of such further steps that may be taken.

The Group will continue to explore and evaluate strategic business opportunities, including but not limited to strategic investments, partnerships, or mergers and 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.

No dividend has been declared or recommended for the three months ended 30 June 2016.

## 13 Interested person transactions (“IPTs”)

The Company does not have a general mandate from shareholders for the interested person transactions. There were no IPTs of S\$100,000 or more for the three months ended 30 June 2016.

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

The Board 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 period ended 30 June 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Jeffrey Hing Yih Peir  
Managing Director

Low Beng Tin  
Executive Director

**BY ORDER OF THE BOARD**

**CHANG AI LING**  
**COMPANY SECRETARY**

**8 August 2016**

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: -

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