

OEL (HOLDINGS) LIMITED

(Company Registration No: 198403368H)

Half Year Financial Statement and Dividend Announcement for the Period Ended 30.06.2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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		
	Six months ended		
	30.06.2014 S\$'000	30.06.2013 S\$'000	Change %
<u>Continuing operations</u>			
Revenue	3,009	7,155	-57.9%
Cost of sales	(2,373)	(10,318)	-77.0%
Gross profit (loss)	636	(3,163)	NM
Other operating income	1,973	795	148.2%
Distribution costs	(301)	(330)	-8.8%
Administrative expenses	(5,667)	(1,725)	228.5%
Other operating expenses	(1,079)	(485)	122.5%
Finance costs	(152)	(95)	60.0%
Loss before tax	(4,590)	(5,003)	-8.3%
Income tax	957	-	100.0%
Loss for the period	(3,633)	(5,003)	-27.4%
<u>Discontinued operations</u>			
Profit for the period from discontinued operations	-	6,027	100.0%
(Loss) Profit for the period	(3,633)	1,024	NM
(Loss) Profit attributable to:			
Owners of the Company	(3,405)	634	NM
Non-controlling interests	(228)	390	NM
	(3,633)	1,024	NM

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

Continuing operations

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

Depreciation of property, plant and equipment	(824)	(168)	390.5%
Foreign currency exchange adjustment gain, net	432	657	-34.3%
Loss on disposal of property, plant and equipment	(119)	-	100.0%
Property, plant and equipment written off	(173)	-	100.0%
Interest income	25	5	400.0%
Over-provision of tax in prior years	402	-	100.0%

Group		
Six months ended		
30.06.2014 S\$'000	30.06.2013 S\$'000	Change %

Discontinued operations

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

Allowance for doubtful receivables – non-trade	-	(8)	-100.0%
Bad debts recovered – trade	-	5	-100.0%
Depreciation of property, plant and equipment	-	(530)	-100.0%
Foreign currency exchange adjustment gain, net	-	940	-100.0%
Gain on disposal of property, plant and equipment	-	1	-100.0%
Impairment of club membership	-	(6)	-100.0%
Interest income	-	5	-100.0%
Over-provision of tax in prior years	-	507	-100.0%

Six months ended		
30.06.2014 S\$'000	30.06.2013 S\$'000	Change %

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

(Loss) Profit for the period
 Other comprehensive loss:
 Item that may be reclassified subsequently to profit or loss
 - exchange differences on translation of foreign operations
 Total comprehensive loss for the period

Group		
Six months ended		
30.06.2014 S\$'000	30.06.2013 S\$'000	Change %
(3,633)	1,024	NM
(92)	(409)	-77.5%
(3,725)	(615)	505.7%

Total comprehensive income (loss) attributable to:

Owners of the Company
 Non-controlling interests

(3,497)	226	NM
(228)	389	NM
(3,725)	615	NM

NM=Not meaningful

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

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	7,918	24,502	7,238	23,922
Trade receivables	26,399	28,830	111	453
Other receivables	2,290	3,845	37,027	28,896
Inventories	10,111	10,072	-	0
Total current assets	46,718	67,249	44,376	53,271
Non-current assets				
Subsidiaries	-	-	808	808
Associates	-	-	-	-
Restricted cash	5,000	5,000	5,000	5,000
Available-for-sale investments	12	12	12	12
Property, plant and equipment	18,982	18,415	4,888	4,985
Investment property	3,612	3,612	3,612	3,612
Deferred tax assets				
Total non-current assets	27,606	27,039	14,320	14,417
Total assets	74,324	94,288	58,696	67,688
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and borrowings	-	944	-	944
Trade payables	16,540	23,966	412	296
Other payables	14,084	18,738	5,713	8,836
Current portion of finance leases	97	127	33	33
Income tax payable	362	362	362	362
Current portion of bank loans	727	708	727	708
Total current liabilities	31,810	44,845	7,247	11,179

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities:				
Finance leases	105	138	82	98
Bank loans	2,659	1,928	186	540
Deferred tax liabilities	443	1,004	443	1,004
Total non-current liabilities	3,207	3,070	711	1,642
Capital, reserves and non-controlling interests				
Share capital	38,530	38,530	38,530	38,530
Reserves	531	7,369	12,208	16,337
Equity attributable to owners of the Company	39,061	45,899	50,738	54,867
Non-controlling interests	246	474	-	-
Total equity	39,307	46,373	50,738	54,867
Total liabilities and equity	74,324	94,288	58,696	67,688

Review of working capital, assets and liabilities

The Group's current assets decreased to S\$46.7 million as at 30 June 2014 from S\$67.2 million as at 31 December 2013 due mainly to a reduction in cash and bank balances. The cash was utilised primarily for settlement of trade and other payables, purchase of plant and equipment for its biofuel operations and payment of dividends.

Current liabilities decreased to S\$31.8 million as at 30 June 2014 from S\$44.8 million as at 31 December 2013, attributed mainly to a decrease in trade and other payables.

Based on the above, the Group had positive working capital (total current assets less total current liabilities) of S\$14.9 million at the end of June 2014.

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 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
97	727	127	1,652

Amount repayable after one year

As at 30.06.2014		As at 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
2,473	186	1,526	540

Details of any collateral

The above secured borrowings are secured by certain plant and equipment of the Group and a mortgage over a property which is under construction and corporate guarantee from 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.

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) Profit before tax	(4,590)	1,198
Adjustments for:		
Depreciation of property, plant and equipment	824	698
Loss (Gain) on disposal of property, plant and equipment	119	(1)
Property, plant and equipment written off	173	6
Interest expense	152	864
Interest income	(25)	(10)
Foreign exchange losses (gains), net	229	(688)
Allowance for doubtful trade receivables	-	8
Reversal of allowance for inventories	-	(8)
Provision for warranty	-	270
Operating profit (loss) before movements in working capital	(3,117)	2,337
Trade receivables	1,910	(7,446)
Other receivables	1,165	361
Inventories	(39)	16
Trade payables	(6,939)	1,519
Other payables	(4,477)	(196)
Provisions	-	(29)
Cash used in operations	(11,497)	(3,438)
Income tax paid	(6)	(510)
Income tax refund	402	500
Interest paid	(152)	(801)
Interest received	25	10
Net cash used in operating activities	(11,229)	(4,239)

Six months ended	
30.06.2014 S\$'000	30.06.2013 S\$'000
(4,590)	1,198
824	698
119	(1)
173	6
152	864
(25)	(10)
229	(688)
-	8
-	(8)
-	270
(3,117)	2,337
1,910	(7,446)
1,165	361
(39)	16
(6,939)	1,519
(4,477)	(196)
-	(29)
(11,497)	(3,438)
(6)	(510)
402	500
(152)	(801)
25	10
(11,229)	(4,239)

	30.06.2014 S\$'000	30.06.2013 S\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,827)	(480)
Proceeds on disposal of property, plant and equipment	167	1
Net cash used in investing activities	(1,660)	(479)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank borrowings	34	(6,463)
Decrease in bank loans	(194)	(1,366)
Repayment of obligations under finance leases	(63)	(94)
Dividends paid	(3,341)	-
Restricted cash	5,356	1,568
Net cash from (used in) financing activities	1,792	(6,355)
Effect of exchange rate changes	(115)	(782)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,212)	(11,855)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	16,918	11,581
Effect of exchange rate changes on the balance of cash held in foreign currencies	(16)	467
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,690	193

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances	12,918	17,241
Less: Restricted cash*	(7,228)	(5,709)
	5,690	11,532
Bank overdrafts	-	(11,339)
	5,690	193

*Restricted cash mainly comprises the retention sum of S\$5 million which forms part of the cash proceeds from the disposal of the Distributionship business during the year.

Review of Cash Flow Statement

Cash flow from operating activities in 1H2014 was a net cash outflow of S\$11.2 million. The net cash outflow was mainly due to the loss incurred in 1H2014 and settlement of trade and other payables. Net cash used in investing activities amounted to around S\$1.7 million, mainly for the purchase of plant and equipment for its biofuel operations. Net cash generated from financing activities amounted to S\$1.8 million, due mainly to a cash transfer from the restricted cash which offset the dividend payment in 1H2014. As a result of the above, the Group recorded a net decrease in cash and cash equivalents of S\$11.2 million in 1H2014.

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 (\$\$'000)	SHARE CAPITAL	CURRENCY TRANSLATION RESERVE	ASSET REVALUATION RESERVE	CAPITAL RESERVE	SHARE ISSUE RESERVE	RETAINED EARNINGS (ACCUMULATED LOSSES)	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 01.01.2013	38,530	(20)	6,123	102	(182)	(15,000)	29,553	2,517	32,070
Total comprehensive (loss) income for the period									
Profit for the period	-	-	-	-	-	634	634	390	1,024
Other comprehensive loss for the period	-	(408)	-	-	-	-	(408)	(1)	(409)
Balance at 30.06.2013	38,530	(428)	6,123	102	(182)	(14,366)	29,779	2,906	32,685
Balance at 01.01.2014	38,530	1,237	6,397	-	(182)	(83)	45,899	474	46,373
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(3,405)	(3,405)	(228)	(3,633)
Other comprehensive loss for the period	-	(92)	-	-	-	-	(92)	-	(92)
Total	-	(92)	-	-	-	(3,405)	(3,497)	(228)	(3,725)
Transactions with owners, recognised directly in equity									
Dividends	-	-	-	-	-	(3,341)	(3,341)	-	(3,341)
Total	-	-	-	-	-	(3,341)	(3,341)	-	(3,341)
Balance at 30.06.2014	38,530	1,145	6,397	-	(182)	(6,829)	39,061	246	39,307

COMPANY (S\$'000)	SHARE CAPITAL	ASSET REVALUATION RESERVE	SHARE ISSUE RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at 01.01.2013	38,530	6,123	(182)	5,955	50,426
Total comprehensive income for the period	-	-	-	4,187	4,187
Balance at 30.06.2013	38,530	6,123	(182)	10,142	54,613
Balance at 01.01.2014	38,530	6,397	(182)	10,122	54,867
Total comprehensive loss for the period					
Loss for the period	-	-	-	(788)	(788)
Total	-	-	-	(788)	(788)
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(3,341)	(3,341)
Total	-	-	-	(3,341)	(3,341)
Balance at 30.06.2014	38,530	6,397	(182)	5,993	50,738

- 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 2013 and 30 June 2014.

- 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.**

	30.06.2014	31.12.2013
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 2014 and 31 December 2013. The Company does not have any treasury shares as at 30 June 2014 and 31 December 2013.

- 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 2013.

- 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 2014. The adoption of these new/revised FRSs and INT FRSs does not result in 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

Continuing operations

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

(ii) On a fully diluted basis*

Group Figures	
30.06.2014	30.06.2013
(0.54) cents	(0.75) cents
(0.54) cents	(0.75) cents

Discontinued operations

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

(i) Based on weighted average number of ordinary shares in issue

(ii) On a fully diluted basis*

Group Figures	
30.06.2014	30.06.2013
- cents	0.90 Cents
- cents	0.90 cents

Note: The net earnings per share for the six months ended 30 June 2014 is calculated based on 668,266,667 (30 June 2013: 668,266,667) ordinary shares in issue.

* 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.

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

Group Figures	
30.06.2014	31.12.2013
5.85 cents	6.87 cents

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

Company Figures	
30.06.2014	31.12.2013
7.59 cents	8.21 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 2014 (31 December 2013: 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 operations, and also holds 51% equity interests in a biofuel business in Singapore. In addition, from 1 November 2013, the Group receives rental income from leasing of its property at No. 8 Aljunied Avenue 3 in Singapore ("Property Management") after the disposal of its Distribution business.

Revenue

For the six months ended 30 June 2014 ("1H2014"), revenue decreased to S\$3.0 million from S\$7.2 million in 1H2013. This was attributed mainly to a revenue decline of S\$4.5 million from the Shipyard operations which had undergone a rightsizing exercise.

In 1H2014, the Shipyard operations posted revenue of S\$1.8 million, mainly from providing ship repair services. Group revenue in 1H2014 also comprised rental income of S\$0.4 million from the Property Management segment. The remaining S\$0.8 million was made up by the Group's biofuel business.

Gross profit

The Group posted a gross profit of S\$0.6 million in 1H2014 compared to a gross loss of S\$3.2 million in 1H2013. The turnaround was attributed mainly to the Shipyard operations which reduced its gross loss from S\$3.8 million in 1H2013 to S\$1.2 million in 1H2014.

Other operating income

The Group registered other operating income of S\$2.0 million in 1H2014, an increase from S\$0.8 million in 1H2013. This was attributed mainly to negotiated discounts received of approximately S\$1.7 million for amounts owing to certain suppliers of the Shipyard operations.

Operating expenses

Operating expenses comprise mainly distribution, administrative and other operating expenses. Total operating expenses in 1H2014 increased to S\$7.0 million compared to S\$2.5 million in 1H2013 as a consequence of higher administrative expenses.

The increase in administrative expenses was due mainly to non-operating expenses comprising legal and professional fees that were incurred for the ongoing arbitration proceedings from the Shipyard operations.

Finance costs

Finance costs in 1H2014 increased to S\$0.2 million from S\$0.1 million previously due to an increase in term loans to finance the purchase of plant and equipment for its biofuel operations.

Loss from Continuing Operations

The decrease in gross loss and increase in other income during 1H2014 enabled the Group to narrow its loss from Continuing Operations to S\$3.6 million from S\$5.0 million in 1H2013.

PROFIT / LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group recorded a loss attributable to owners of the company of S\$3.4 million in 1H2014, compared to a profit of S\$0.6 million in 1H2013. This was due to the absence of profit contribution from the Distribution Business which was discontinued from 1 November 2013.

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

The results are in line with the profit warning announcement issued on 4 August 2014.

- 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 right-size and execute cost-containment measures for its Shipyard operations. It is also exploring various options including repair work, outsourcing and other services to improve the results of the Shipyard operations. The arbitration proceedings with three companies – Fr. Fassmer GmbH & Co. KG., Fugro Australis Pty Ltd. and Boskalis Entities – are ongoing. The Company will make further announcements as and when there are material developments on the proceedings.

On 24 June 2014, the Group announced that it had entered into a Heads of Agreement (“HOA”) to sell its 51% equity interests in Biofuel Research Pte. Ltd. (“Biofuel”) to Unionmet (Singapore) Limited for an aggregate sale price of S\$3.0 million.

The Group continues to explore and evaluate strategic business opportunities, including but not limited to strategic investments, partnerships, or mergers and acquisitions, that could add a new business pillar and 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 six months ended 30 June 2014.

13 Interested person transactions

The Company does not have a general mandate from shareholders for the interested person transactions.

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 half-year financial statements for the period ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Low Beng Tin
Managing Director

BY ORDER OF THE BOARD

JULIANA TAN / DERICK LIM
COMPANY SECRETARIES
08 August 2014

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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