



HOE LEONG CORPORATION LTD.

(Registration No. 199408433W)

Third quarter financial statements and related announcement for the financial period ended 30 September 2015

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 2015. 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 2015 to	1 Jul 2014 to	Increase /	1 Jan 2015 to	1 Jan 2014 to	Increase /
		30 Sep 2015	30 Sep 2014	(decrease)	30 Sep 2015	30 Sep 2014	(decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		18,435	19,163	(3.8)%	56,337	49,720	13.3 %
Cost of sales		(12,714)	(14,605)	(12.9)%	(41,132)	(41,082)	0.1 %
Gross profit		5,721	4,558	25.5 %	15,205	8,638	76.0 %
Other income		684	1,152	(40.6)%	1,825	3,401	(46.3)%
Distribution expenses		(843)	(1,309)	(35.6)%	(2,986)	(3,872)	(22.9)%
Administrative expenses		(1,672)	(2,265)	(26.2)%	(5,739)	(6,873)	(16.5)%
Other expenses		(2,457)	(724)	239.4 %	(3,295)	(1,515)	117.5 %
Results from operating activities		1,433	1,412	1.5 %	5,010	(221)	N.M.
Finance income		20	-	100.0 %	71	6	N.M.
Finance costs	1	(566)	(479)	18.2 %	(1,692)	(1,225)	38.1 %
Net finance costs		(546)	(479)	14.0 %	(1,621)	(1,219)	33.0 %
Share of results of associates and joint ventures, net of tax		61	(265)	123.0 %	793	(2,735)	129.0 %
Profit / (Loss) before income tax	2	948	668	41.9 %	4,182	(4,175)	200.2 %
Income tax expense		(63)	(70)	(10.0)%	(140)	(238)	(41.2)%
Profit / (Loss) for the period		885	598	48.0 %	4,042	(4,413)	191.6 %
Profit / (Loss) attributable to:							
Owners of the Company		785	648	21.1 %	3,824	(3,887)	198.4 %
Non-controlling interests		100	(50)	300.0 %	218	(526)	141.4 %
Profit / (Loss) for the period		885	598	48.0 %	4,042	(4,413)	191.6 %

N.M. – Not meaningful

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

	Third Quarter			Nine Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	Increase / (decrease)	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit / (Loss) for the period	885	598	48.0 %	4,042	(4,413)	191.6 %
Other comprehensive income						
Foreign currency translation differences arising from foreign operations	(60)	800	(107.5)%	1,428	310	360.6 %
Other comprehensive income, net of tax	(60)	800	(107.5)%	1,428	310	360.6 %
Total comprehensive income for the period	825	1,398	(41.0)%	5,470	(4,103)	233.3 %
Total comprehensive income attributable to :						
Owners of the Company	686	1,450	(52.7)%	5,552	(3,566)	255.7 %
Non-controlling interests	139	(52)	367.3 %	(82)	(537)	84.7 %
Total comprehensive income for the period	825	1,398	(41.0)%	5,470	(4,103)	233.3 %

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

Note 1 Finance costs comprise the following:

	Third Quarter			Nine Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	Increase / (decrease)	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest paid and payable on:-						
- trust receipts	(61)	(51)	19.6 %	(167)	(101)	65.3 %
- bank loans	(407)	(329)	23.7 %	(1,416)	(917)	54.4 %
- finance leases	(4)	(5)	(20.0)%	(13)	(11)	18.2 %
Others	(94)	(94)	- %	(96)	(196)	(51.0)%
Total	(566)	(479)		(1,692)	(1,225)	

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

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

	Third Quarter			Nine Months		
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	Increase / (decrease)	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Allowance written-back / (made) for slow moving inventories	509	582	(12.5)%	1,104	585	88.7 %
Inventories written (off) / back	(75)	(69)	8.7 %	3	(78)	(103.8)%
Allowance written-back/(made) for doubtful receivables	278	(2)	N.M.	278	(3)	N.M.
Gain/(loss) on disposal of other plant and equipment	(5)	9	(155.6)%	-	5	N.M.
Depreciation of property, plant and equipment	(1,658)	(876)	89.3 %	(4,945)	(2,665)	85.6 %
Foreign exchange gain / (loss), net	(1,662)	(94)	N.M.	(715)	1,441	(149.6)%
Operating lease expenses	(1,458)	(1,444)	1.0 %	(4,337)	(4,415)	(1.8)%
Amortisation of deferred income	1,298	1,298	- %	3,897	3,897	- %
Rental income	684	696	(1.7)%	1,715	2,020	(15.1)%

N.M. – Not meaningful

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

	Group		Company	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	83,243	82,303	3,414	3,564
Investments in subsidiaries	-	-	25,147	26,919
Investments in associates and joint ventures	793	-	-	-
Deferred tax assets	559	578	-	-
Non-current assets	84,595	82,881	28,561	30,483
Inventories	29,367	32,113	9,814	13,411
Trade and other receivables	57,603	48,202	108,871	99,801
Cash and cash equivalents	1,363	6,043	754	1,631
Current assets	88,333	86,358	119,439	114,843
Total assets	172,928	169,239	148,000	145,326
Equity				
Share capital	69,490	63,870	69,490	63,870
Treasury shares	(55)	(50)	(55)	(50)
Currency translation reserve	(1,663)	(3,391)	-	-
Share-based compensation reserve	345	342	345	342
Accumulated (losses) / profits	(1,128)	(4,952)	5,278	2,225
Equity attributable to owners of the Company	66,989	55,819	75,058	66,387
Non-controlling interests	(1,691)	(1,609)	-	-
Total equity	65,298	54,210	75,058	66,387
Liabilities				
Financial liabilities	21,009	9,679	12,370	100
Loans from non-controlling shareholders of subsidiaries	2,825	3,334	-	-
Deferred income	-	2,340	-	2,340
Deferred tax liabilities	689	711	20	19
Non-current liabilities	24,523	16,064	12,390	2,459
Trade and other payables	18,476	22,941	15,996	12,160
Financial liabilities	60,898	70,828	40,917	59,124
Current tax payable	94	-	-	-
Deferred income	3,639	5,196	3,639	5,196
Current liabilities	83,107	98,965	60,552	76,480
Total liabilities	107,630	115,029	72,942	78,939
Total equity and liabilities	172,928	169,239	148,000	145,326

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 Sep 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
21,098	39,800	11,803	59,025

Amount repayable after one year

As at 30 Sep 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
8,716	12,293	9,679	-

Details of any collateral:-

Secured borrowings at 30 September 2015 are secured by:-

- (a) A first legal mortgage over the vessels of subsidiaries and corporate guarantees provided by the Company;
- (b) A first legal mortgage over the freehold land and building, and certain plant and equipment of a subsidiary; and
- (c) Motor vehicles under finance leases.

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

	Group		Group	
	Third Quarter		Nine Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit / (Loss) before income tax	948	668	4,182	(4,175)
Adjustments for:				
Amortisation of deferred income	(1,298)	(1,298)	(3,897)	(3,897)
Depreciation of property, plant and equipment	1,658	876	4,945	2,655
Finance income	(20)	-	(71)	(6)
Finance costs	566	479	1,692	1,225
Share of results of associates and joint ventures, net of tax	(61)	265	(793)	2,735
Property, plant and equipment written off	-	(1)	-	62
Loss / (Gain) on disposal of other plant and equipment	5	(10)	-	(6)
Equity-settled share-based compensation	1	-	3	17
Operating cash flows before changes in working capital	1,799	979	6,061	(1,390)
Changes in working capital:				
Inventories	10,025	1,471	2,746	(641)
Trade and other receivables	(3,365)	(10,321)	(10,035)	(14,091)
Trade and other payables	(12,940)	(896)	(4,730)	5,057
Cash used in operations	(4,481)	(8,767)	(5,958)	(11,065)
Income taxes paid	53	174	(83)	(21)
Cash flows used in operating activities	(4,428)	(8,593)	(6,041)	(11,086)
Investing activities				
Finance income received	20	-	71	6
Purchase of property, plant and equipment	-	189	(77)	(1,157)
Proceeds from disposal of other plant and equipment	-	-	-	310
Cash flows from / (used in) investing activities	20	189	(6)	(841)
Financing activities				
Purchase of treasury shares	(5)	-	(5)	(10)
Finance costs paid	(566)	(469)	(1,692)	(1,225)
(Repayment of) / Proceeds from bills payable and trust receipts	(589)	2,000	919	343
Proceeds from finance lease liabilities	-	63	-	156
Payment of finance lease liabilities	(35)	(34)	(101)	(83)
Proceeds from interest-bearing borrowings	12,010	14,318	19,284	34,245
Repayment of interest-bearing borrowings	(11,090)	(17,490)	(21,742)	(27,401)
Proceeds from issuance of shares	3,000	-	5,620	-
Cash flows from / (used in) financing activities	2,725	(1,612)	2,283	6,025
Net decrease in cash and cash equivalents	(1,683)	(10,016)	(3,764)	(5,902)
Cash and cash equivalents at beginning of the period	2,678	14,778	6,043	10,983
Effect of exchange rates fluctuations	368	471	(916)	152
Cash and cash equivalents at end of the period	1,363	5,233	1,363	5,233

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
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
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
Profit / (Loss) 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

Group	Share capital \$'000	Treasury shares \$'000	Share-based compensation reserve \$'000	Currency translation reserve \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2014								
At 1 January 2014	53,897	(40)	322	(4,102)	17,855	67,932	(1,106)	66,826
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(1,370)	(1,370)	(206)	(1,576)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	(437)	-	(437)	(2)	(439)
Total comprehensive income for the period	-	-	-	(437)	(1,370)	(1,807)	(208)	(2,015)
Transactions with owners, recorded directly in equity								
Own share acquired	-	(10)	-	-	-	(10)	-	(10)
Share-based compensation expense	-	-	11	-	-	11	-	11
Total transactions with owners	-	(10)	11	-	-	1	-	1
At 31 March 2014	53,897	(50)	333	(4,539)	16,485	66,126	(1,314)	64,812
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(3,165)	(3,165)	(270)	(3,435)
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	(44)	-	(44)	(7)	(51)
Total comprehensive income for the period	-	-	-	(44)	(3,165)	(3,209)	(277)	(3,486)
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	6	-	-	6	-	6
Total transactions with owners	-	-	6	-	-	6	-	6
At 30 June 2014	53,897	(50)	339	(4,583)	13,320	62,923	(1,591)	61,332
Profit / (Loss) for the period	-	-	-	-	648	648	(50)	598
Other comprehensive income								
Foreign currency translation differences arising from foreign operations	-	-	-	802	-	802	(2)	800
Total comprehensive income for the period	-	-	-	802	648	1,450	(52)	1,398
Transactions with owners, recorded directly in equity								
Share-based compensation expense	-	-	1	-	-	1	-	1
Total transactions with owners	-	-	1	-	-	1	-	1
At 30 September 2014	53,897	(50)	340	(3,781)	13,968	64,374	(1,643)	62,731

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 profits \$'000	Total equity \$'000
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
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
2014					
At 1 January 2014	53,897	(40)	322	16,426	70,605
Total comprehensive income for the period					
Profit for the period	-	-	-	82	82
Total comprehensive income for the period	-	-	-	82	82
Transactions with owners, recorded directly in equity					
Own shares acquired	-	(10)	-	-	(10)
Share-based compensation expense	-	-	11	-	11
Total transactions with owners	-	(10)	11	-	1
At 31 March 2014	53,897	(50)	333	16,508	70,688
Total comprehensive income for the period					
Profit for the period	-	-	-	262	262
Total comprehensive income for the period	-	-	-	262	262
Transactions with owners, recorded directly in equity					
Share-based compensation expense	-	-	6	-	6
Total transactions with owners	-	-	6	-	6
At 30 June 2014	53,897	(50)	339	16,770	70,956
Total comprehensive income for the period					
Profit for the period	-	-	-	937	937
Total comprehensive income for the period	-	-	-	937	937
Transactions with owners, recorded directly in equity					
Share-based compensation expense	-	-	1	-	1
Total transactions with owners	-	-	1	-	1
At 30 September 2014	53,897	(50)	340	17,707	71,894

- 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

In the first quarter of 2015, the Company allotted and issued 57,000,000 new shares of S\$0.046 each pursuant to a placement. In respect of a placement, the Company announced on 4th March 2015, 30th March 2015 and 2nd April 2015 that the amount of net proceeds is S\$2,620,000.

In the third quarter of 2015, the Company allotted and issued 60,000,000 new shares of S\$0.05 each pursuant to a placement. In respect of a placement, the Company announced on 2nd September 2015 and 8th September 2015 that the amount of net proceeds is S\$3,000,000.

The Company has utilised its net proceeds in full for working capital and the utilisation of the net proceeds is consistent with the intended use of the proceeds disclosed in the placement announcement.

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-15	30-Sep-14	31-Dec-14
13 April 2010	12 April 2015	S\$ 0.42	-	150,000	150,000
13 April 2010	12 April 2020	S\$ 0.34	250,000	250,000	250,000
27 April 2010	26 April 2020	S\$ 0.39	350,000	350,000	350,000
27 April 2010	26 April 2020	S\$ 0.31	130,000	130,000	130,000
5 May 2011	4 May 2021	S\$ 0.23	50,000	50,000	50,000
31 May 2012	30 May 2022	S\$ 0.15	231,000	231,000	231,000
			1,011,000	1,161,000	1,161,000

Total number of 150,000 options granted to non-executive directors has been cancelled and expired on 12 April 2015.

Treasury shares

Total numbers held as Treasury shares as at 30 September 2015 is 470,000 shares (31 December 2014: 360,000).

In the third quarter of 2015, the Company carried out a share buy-back exercise on 27 August 2015 for the purchase of 110,000 shares.

- 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.**

	Number of shares
Issued and paid-up share capital as at 31 December 2014	506,150,724
Total number of shares held as treasury	(470,000)
Total ordinary shares issued during the period	117,000,000
Issued and paid-up share capital as at 30 September 2015 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.**

None.

- 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 2014.

- 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 annual periods beginning on or after 1 January 2015 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 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014
Earnings per share of the Group:				
(a) Profit / (Loss) attributable to owners of the Company (S\$'000)	785	648	3,824	(3,887)
Weighted average number of ordinary shares ('000)	576,486	289,746	548,824	289,746
Basic earnings per share stated in cents	0.14	0.22	0.70	(1.34)
(b) Profit / (Loss) attributable to owners of the Company (S\$'000)	785	648	3,824	(3,887)
Adjusted weighted average number of ordinary shares ('000)	577,497	290,907	549,835	289,746
Diluted earnings per share stated in cents	0.14	0.22	0.70	(1.34)

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 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net assets (S\$'000)	66,989	55,819	75,058	66,387
Number of ordinary shares ('000)	622,681	505,791	622,681	505,791
Net asset value per ordinary share stated in cents	10.8	11.0	12.1	13.1

- 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 2015:

The Group reported profit after tax of S\$4.0 million for the nine months ended 30 September 2015 ("9M 2015") as compared to loss after tax of S\$4.4 million for the nine months ended 30 September 2014 ("9M 2014") due to the following factors:

Total revenue increased by S\$6.6 million, or 13.3%, to S\$56.3 million in 9M 2015 as compared to S\$49.7 million in 9M 2014. The increase in total revenue was due to increase in revenue from the Group's Vessel Chartering segment of S\$9.8 million and partially offset by the decrease in revenue of S\$3.3 million from the Group's Equipment segment.

Sales revenue from the Equipment segment decreased by S\$3.3 million, or 7.1%, to S\$43.3 million in 9M 2015 as compared to S\$46.6 million in 9M 2014 mainly due to lower sales of equipment parts to our customers.

Charter revenue from the Vessel Chartering segment increased by S\$9.8 million, or 316.1%, to S\$12.9 million in 9M 2015 as compared to S\$3.1 million in 9M 2014. The increase in charter revenue was mainly due to higher utilisation rate for our Arkstar fleet.

Total cost of sales increased by S\$50,000, or 0.1%, to S\$41.1 million in 9M 2015 as compared to 9M 2014 mainly due to an increase in operating costs in the Vessel Chartering segment.

Overall gross profit margin increased to 27.0% in 9M 2015 as compared to 17.3% million in 9M 2014. The gross profit contributions from the Equipment segment and Vessel Chartering segment increased by S\$1.7 million and S\$4.9 million respectively in 9M 2015.

Other income decreased by S\$1.6 million, or 46.3%, to S\$1.8 million in 9M 2015 mainly due to decrease in rental income.

Distribution expenses decreased by S\$0.9 million, or 22.9% to S\$3.0 million for 9M 2015, which was mainly due to decrease in packing and delivery expenses.

Administrative expenses decreased by S\$1.2 million, or 16.5%, to S\$5.7 million for 9M 2015.

Other expenses increased by S\$1.8 million, or 117.5%, to S\$3.3 million for 9M 2015 mainly due to the increase in depreciation expense of S\$1.9 million in 9M 2015.

Net finance costs increased by S\$0.4 million, or 33.0%, to S\$1.6 million in 9M 2015 due mainly to increase in bank borrowings.

Share of results of associate, Semua International Sdn Bhd and its subsidiaries ("Semua Group") was S\$0.8 million in 9M 2015 (9M 2014: (S\$2.7) million). The improvement was mainly due to higher utilisation rates for Semua fleet of oil tankers.

Other comprehensive income for 9M 2015:

Foreign currency translation gains of S\$1.4 million arising from foreign operations in 9M 2015 relate mainly to the Group's net investment in foreign operations which are mainly denominated in United States Dollar ("USD"), as the USD appreciated against the Singapore Dollar ("SGD") in 9M 2015.

Results for Q3 2015:

The Group reported profit after tax of S\$0.9 million for the three months ended 30 September 2015 ("Q3 2015") as compared to S\$0.6 million for the three months ended 30 September 2014 ("Q3 2014") due to the following factors:

Total revenue decreased by S\$0.8 million, or 3.8%, to S\$18.4 million in Q3 2015 as compared to S\$19.2 million in Q3 2014. The decrease in total revenue was due to decrease in revenue from the Group's Equipment segment of S\$2.7 million, partially offset by the increase in Vessel Chartering segment of S\$1.9 million.

Sales revenue from the Equipment segment decreased by S\$2.7 million, or 15.9%, to S\$14.3 million in Q3 2015 as compared to S\$17.0 million in Q3 2014 mainly due to lower demand for third party brands of equipment parts from our customers.

Charter revenue from the Vessel Chartering segment increased by S\$1.9 million, or 86.4%, to S\$4.1 million in Q3 2015 as compared to S\$2.2 million in Q3 2014. The increase in charter revenue was mainly due to higher utilisation rate for our Arkstar fleet.

Total cost of sales decreased by S\$1.9 million, or 12.9%, to S\$12.7 million in Q3 2015 as compared to S\$14.6 million in Q3 2014 mainly due to the decrease in cost of sales of equipment parts arising from lower manufacturing costs.

Overall gross profit margin increased to 31.0% in Q3 2015 as compared to 23.8% in Q3 2014. The gross profit contribution from the Equipment segment increased by S\$0.3 million in Q3 2015. The gross profit contribution from the Vessel Chartering segment increased by S\$0.8 million in Q3 2015.

Other income decreased by S\$0.5 million, or 40.6%, to S\$0.7 million in Q3 2015 mainly due to decrease in rental income.

Administrative expenses decreased by S\$0.6 million, or 26.2%, to S\$1.7 million for Q3 2015.

Other expenses increased by S\$1.7 million, or 239.4%, to S\$2.5 million for Q3 2015 mainly due to the increase in net foreign exchange loss of S\$1.7 million in Q3 2015.

Other comprehensive income for Q3 2015:

Foreign currency translation losses of S\$60,000 arising from foreign operations in Q3 2015 relate mainly to the Group's net investment in foreign operations which are mainly denominated in Malaysia Ringgit ("MYR"), as the MYR depreciated against the Singapore Dollar ("SGD") in Q3 2015.

Statement of Financial Position

Property, plant and equipment increased by S\$0.9 million, or 1.1%, to S\$83.2 million as at 30 September 2015 mainly due to the foreign currency translation gain arising from the translation of USD denominated property, plant and equipment of certain subsidiaries into SGD as a result of the appreciation of the USD against the SGD in 9M 2015. This was partially offset by the additional depreciation expense charged for FY2015.

In FY2014, the Group's share of losses exceeds its interest in an equity-accounted investment in associate – Semua Group. The carrying amount of the interest is therefore reduced to zero. For the period covering 9M 2015, Semua Group posted an improved performance and as a result of applying equity method of accounting, the Group recognised the share of results in its associate for 9M 2015 of S\$0.8 million (9M 2014: (S\$2.7) million).

Trade and other receivables increased by S\$9.4 million, or 19.5%, to S\$57.6 million at 30 September 2015 mainly due to increase in sales turnover and extended credit terms to customers.

Total financial liabilities increased by S\$1.4 million, or 1.7%, to S\$81.9 million at 30 September 2015 mainly due to higher utilisation for working capital purposes.

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\$3.9 million, or 51.7%, to S\$3.6 million at 30 September 2015 due to the recognition of additional deferred income on the A&A Extension, partially offset by the amortization of deferred income in 9M 2015.

Trade and other payables decreased by S\$4.5 million, or 19.5%, to S\$18.5 million at 30 September 2015 mainly due to the decrease in trade payables for purchase of inventories in 9M 2015.

Statement of Cash Flows

In 9M 2015, the Group generated net cash outflows of S\$3.7 million, comprising net cash outflows from operating activities of S\$6.0 million, partially offset by net cash inflows from financing activities of S\$2.3 million.

In Q3 2015, the Group generated net cash outflows of S\$1.7 million, comprising net cash outflows from operating activities of S\$4.4 million partially offset by net cash inflows from financing activities of S\$2.7 million.

At 30 September 2015, the Group's cash and cash equivalents amounted to S\$1.4 million (31 December 2014: S\$6.0 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 uncertainty in the energy sector caused by major drop in oil price has resulted in a severe scale down of capital expenditure spending by the oil companies. In response to the market situation, the Group continues to be vigilant in managing costs and improving operational efficiencies.

The Group continue to take steps to enhance its balance sheet and explore ways that includes paring down its borrowings and raising new capital.

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

Not applicable.

13 Interested Person Transactions

Period ended 30 September 2015		
<u>Name of interested person</u>	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)
	<u>\$'000</u>	<u>\$'000</u>
Hoe Leong Plastic Industry (China) Ltd		
- Rental expense	229	-
Hoe Leong Co. (Pte) Ltd		
- Interest payable on shareholder's loan	76	-

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 2015 to be materially false or misleading.

BY ORDER OF THE BOARD

Kuah Geok Lin
Chairman and CEO

6 November 2015