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MEDIA RELEASE

JEP's continues growing revenue and gross profit, but bottom line weighed down by expenses

Y/E 31 Dec (S$ million)	HY2016 (Unaudited)	HY2015 (Unaudited)	Change %
Revenue	**35.6**(1)	28.5	24.8
Cost of sales	**(31.7)**	(25.5)	23.9
Gross profit	**3.9**	3.0	32.9
Other operating income	**0.9**	0.9	(1.9)
Selling and distribution expenses	**(1.0)**	(0.6)	50.0
Administrative expenses	**(4.1)**	(2.2)	91.1
Finance costs	**(0.4)**	(0.4)	3.1
Tax credit/(expense)	**0.4**	(0.1)	N.M.
Net (loss)/profit	**(0.3)**	0.6	N.M.
EPS* (cents)	**(0.02)**	0.06	
NAV per share* (cents)	**3.7**	3.8	

Note: 1. The revenue for HY2016 is S$35,549,000 but has been presented as S$35.6 million due to a rounding up.
* Based on average weighted number of 1,048,973,266 shares (HY2015: 970,726,691 shares)
N.M. = not meaningful

10 August 2016 – JEP Holdings Ltd., ("JEP", and together with its subsidiaries, the "Group"), a leading provider of precision machining and engineering solutions, has reported a net loss of S$0.3 million for the six months ended 30 June 2016 ("HY2016"). However, Group revenue increased by S$7.0 million compared to the first half of FY2015, and grew 24.8% year-on-year. Gross profit margins also increased from 10.3% in HY2015 to 10.9% in HY2016. These increases were partly attributable to a full half year of contributions from the new subsidiary, JEP Industrades Pte Ltd ("JEPI"), which was acquired in late August 2015.

"The poor sentiment in the oil and gas sector continues to affect our earnings, as our overall plant utilisation rates have declined due to lower manufacturing activity for products in that segment. Nonetheless, our efforts to grow the business and bring down production costs have resulted in the improvement of both the top line and gross margins."

\- **Mr. Joe Lau, Executive Chairman and CEO, JEP Holdings Ltd.**

Financial Performance

Aerospace continues to be the Group's main revenue segment, contributing 53.8% or S$19.1 million of HY2016 revenue (HY2015: S$16.5 million). This was followed by the trading segment at 23.4% or S$8.3 million, and this includes contributions from JEPI's cutting tool trading business. In descending order, the remainder was made up by equipment manufacturing, oil and gas, electronics and precision machining.

The Group's cost of sales increased by S$6.2 million with the inclusion of subsidiary JEPI's costs, as well as higher production activity in the aerospace segment. However, these increases were partially offset by a reduction in subcontracting costs, labour costs, and factory overheads.

Selling and distribution expenses increased by S$0.3 million, mainly due to the inclusion of JEPI's staff payroll costs and related expenses. Administrative costs increased by S$2.0 million due to S$0.8 million in foreign exchange losses, increases in amortisation, staff and directors' costs, and rental expenses.

Balance Sheet Review

The Group's property, plant and equipment increased by S$5.2 million, largely due to capital expenditure for assets under construction at the new Seletar Aerospace Park ("SAP") premises. Current assets increased by S$1.2 million, mainly due to an increase in trade receivables, which was offset by decreases in inventory and cash. Cash and bank balances decreased by S$0.8 million largely due to net cash outflows for the SAP assets under construction, and procurement of machinery by two of the Group's subsidiaries.

Total liabilities increased by S$6.1 million as the Group's level of loans and borrowings rose, mainly for the financing of the new SAP building construction.

Outlook

The Group's new manufacturing facility at SAP is expected to be completed by the end of 2016, following which the precision engineering activities will gradually move over from Changi. Notwithstanding the short-term funding requirements for the new building's construction and equipment, the Group expects to harness long term operational synergies and cost savings from consolidation of production activities, and economies of scale.

The Group expects demand from the oil and gas sector to remain lacklustre, but sees a sustained positive outlook for the aerospace sector and aims to take advantage of these opportunities, while managing overhead costs and the risks posed by currency and financial market volatility.

"In order to cope with the short term challenges, we have looked at ways to reduce our cost base, particularly for overtime manpower costs and consumables. The cost savings are already visible and will stand us in good stead even as we strive to fill up the excess capacity caused by the fall-off in oil and gas orders. We aim to take advantage of the current positive conditions in the aerospace market to secure more orders from both new and existing customers."

- **Mr. Joe Lau, Executive Chairman and CEO, JEP Holdings Ltd.**

About JEP Holdings Ltd.

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services, with a primary focus on the aerospace industry. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All of our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems.

The Group's main operating subsidiary, JEP Precision Engineering Pte Ltd ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, OSHAS, and NADCAP, JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990, and is now part of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore, and operates out of four facilities equipped with state of art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte Ltd, and a trading business, JEP Industrades Pte Ltd, which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die, and oil and gas.

The Group has been listed on SGX Catalist since 2004, when it was known as Alantac Technology Ltd., and changed its name in May 2010.

For more information, please visit http://www.jep-holdings.com.

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