

**Unaudited Financial Statements and Dividend Announcement for the Half-Year Ended 30 June 2014**

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The Board of Directors of 3Cenergy Limited (the “Company”) is pleased to announce the unaudited consolidated results for the half-year ended 30 June 2014. The figures presented in this announcement have not been audited or reviewed by the auditors of the Company.

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “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.*

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

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	FOR THE 6 MONTHS ENDED		
		(Unaudited)	(Unaudited)	Increase /
		30 Jun 2014	30 Jun 2013	(decrease)
		S\$'000	S\$'000	%
<b>Revenue</b>		<b>13,016</b>	22,823	(43.0)%
Cost of sales		(12,112)	(18,312)	(33.9)%
<b>Gross profit</b>		<b>904</b>	4,511	(80.0)%
Other income	1	742	883	(16.0)%
Sales and distribution expenses		(418)	(736)	(43.2)%
General and administrative expenses		(4,249)	(6,839)	(37.9)%
Finance costs	2	(34)	(29)	17.2 %
<b>Loss before tax</b>	<b>3</b>	<b>(3,055)</b>	(2,210)	38.2 %
Income tax (expense)/credit	4	(1)	18	N.M.
<b>Loss for the period</b>		<b>(3,056)</b>	(2,192)	39.4 %
<b>Attributable to:</b>				
Owners of the Company				
Loss for the period, net of tax		(3,056)	(2,192)	39.4 %
<b>Loss for the period attributable to the owners of the Company</b>		<b>(3,056)</b>	(2,192)	39.4 %
<b>Loss per share (cents per share)</b>				
Basic		(3.10)	(2.23)	39.4 %
Diluted		(3.10)	(2.23)	39.4 %
<b>Loss for the period</b>		<b>(3,056)</b>	(2,192)	39.4 %
Other comprehensive loss for the period, net of tax		(5)	-	N.M.
<b>Total comprehensive loss for the period</b>		<b>(3,061)</b>	(2,192)	39.7 %
<b>Attributable to:</b>				
Owners of the Company				
<b>Total comprehensive loss for the period</b>		<b>(3,061)</b>	(2,192)	39.7 %
<b>Attributable to:</b>				
Total comprehensive loss for the period, net of tax		(3,061)	(2,192)	39.7 %
<b>Total comprehensive loss for the period attributable to the owners of the Company</b>		<b>(3,061)</b>	(2,192)	39.7 %

Notes:

N.M. – Not meaningful

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

**Note 1 Other Income comprised the following:**

	FOR THE 6 MONTHS ENDED		
	(Unaudited) 30 Jun 2014	(Unaudited) 30 Jun 2013	Increase / (decrease)
	S\$'000	S\$'000	%
Rental income	561	757	(25.9)%
Interest income	32	27	18.5 %
Miscellaneous income	149	99	50.5 %
	<u>742</u>	<u>883</u>	(16.0)%

**Note 2 Finance costs comprised the following:**

	FOR THE 6 MONTHS ENDED		
	(Unaudited) 30 Jun 2014	(Unaudited) 30 Jun 2013	Increase / (decrease)
	S\$'000	S\$'000	%
Hire purchase interest	4	5	(20.0)%
Other interest expense	30	24	25.0 %
	<u>34</u>	<u>29</u>	17.2 %

**Note 3 Loss before taxation is stated after charging the following:**

	FOR THE 6 MONTHS ENDED		
	(Unaudited) 30 Jun 2014	(Unaudited) 30 Jun 2013	Increase / (decrease)
	S\$'000	S\$'000	%
<b>After charging:</b>			
Staff costs (including directors remuneration)	2,136	3,981	(46.3)%
Depreciation of plant and equipment	439	471	(6.8)%
Directors fees	85	60	41.7 %
Rental of premises	851	953	(10.7)%
Allow ance for doubtful debts	251	646	(61.1)%

**Note 4 Income tax comprised the following:**

	FOR THE 6 MONTHS ENDED		
	(Unaudited) 30 Jun 2014	(Unaudited) 30 Jun 2013	Increase / (decrease)
	S\$'000	S\$'000	%
Income tax (expense)/credit	(1)	18	N.M.
	<u>(1)</u>	<u>18</u>	N.M.

Note: N.M. – 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	
	(Unaudited) 30 Jun 2014	(Audited) 31 Dec 2013	(Unaudited) 30 Jun 2014	(Audited) 31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2,370	2,856	-	-
Deposits	410	410	-	-
Investments in subsidiaries	-	-	4,043	4,043
	<b>2,780</b>	<b>3,266</b>	<b>4,043</b>	<b>4,043</b>
<b>Current assets</b>				
Inventories	61	93	-	-
Amount due from subsidiaries	-	-	1,790	602
Trade receivables	2,146	4,835	-	-
Other receivables	28	119	7	-
Prepaid operating expenses	473	435	-	5
Cash and cash equivalents	3,414	6,775	515	1,650
	<b>6,122</b>	<b>12,257</b>	<b>2,312</b>	<b>2,257</b>
<b>Total assets</b>	<b>8,902</b>	<b>15,523</b>	<b>6,355</b>	<b>6,300</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Trade payables	2,271	4,916	83	-
Other payables and accruals	3,638	4,528	149	230
Amount due to a subsidiaries	-	-	40	40
Finance lease liabilities	72	70	-	-
Provision for taxation	11	4	-	-
	<b>5,992</b>	<b>9,518</b>	<b>272</b>	<b>270</b>
<b>Non-current liabilities</b>				
Provisions,accruals and other payables	96	96	-	-
Finance lease liabilities	227	262	-	-
Deferred taxation	57	56	-	-
	<b>380</b>	<b>414</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,372</b>	<b>9,932</b>	<b>272</b>	<b>270</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	6,672	6,672	41,202	41,202
Retained earnings and other reserves	(4,142)	(1,081)	(35,119)	(35,172)
<b>Total equity</b>	<b>2,530</b>	<b>5,591</b>	<b>6,083</b>	<b>6,030</b>
<b>Total equity and liabilities</b>	<b>8,902</b>	<b>15,523</b>	<b>6,355</b>	<b>6,300</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 Jun 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
-	72	-	70

**Amount repayable after one year**

As at 30 Jun 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
-	227	-	262

The finance lease liabilities related to purchase of office equipment and motor vehicle for the Group's operations. The finance lease for the office equipment is payable in 73 monthly installments with effect from October 2010. The finance lease for the motor vehicles is payable in 60 monthly installments with effect from December 2013.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	(Unaudited) 30 Jun 2014	(Unaudited) 30 Jun 2013
	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash flows from operating activities</b>		
Loss before taxation	(3,055)	(2,210)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	509	471
Allowance/ (Write-back) for doubtful debts	251	644
Bad debts written off	-	2
Impairment of fixed assets	-	67
Interest income	(10)	(27)
Interest expense	35	29
Inventories written down	72	-
Foreign exchange differences	(5)	-
<b>Operating cash flows before changes in working capital</b>	<b>(2,203)</b>	<b>(1,024)</b>
Decrease in receivables	2,492	2,962
Increase in inventories	(40)	(30)
Decrease in payables	(3,534)	(3,192)
<b>Cash used in operations</b>	<b>(3,285)</b>	<b>(1,284)</b>
Interest received	10	27
Interest expense	(35)	(29)
Income tax refunded	5	164
<b>Net cash used in operating activities</b>	<b>(3,305)</b>	<b>(1,122)</b>
<b>Cash flows from an investing activity</b>		
Purchase of property, plant and equipment	(23)	(130)
<b>Net cash used in an investing activity</b>	<b>(23)</b>	<b>(130)</b>
<b>Cash flows from a financing activity</b>		
Repayment of obligations under finance lease	(33)	(20)
<b>Net cash used in a financing activity</b>	<b>(33)</b>	<b>(20)</b>
Net decrease in cash and cash equivalents	(3,361)	(1,272)
Cash and cash equivalents at beginning of the period	6,775	7,771
<b>Cash and cash equivalents at end of the period</b>	<b>3,414</b>	<b>6,499</b>

**1(d)(i) A statement (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.**

	<b>Attributable to owners of the parent</b>				<b>Total equity</b>
	Share capital	Capital reserve	Translation reserve	Retained earnings/ (Accumulated losses)	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
Balance at 1 January 2013	6,672	-	-	6,030	12,702
Total comprehensive loss for the period	-	-	-	(2,192)	(2,192)
Balance at 30 June 2013	6,672	-	-	3,838	10,510
Balance at 1 January 2014	6,672	-	(2)	(1,079)	5,591
Total comprehensive loss for the period	-	-	(5)	(3,056)	(3,061)
Balance at 30 June 2014	6,672	-	(7)	(4,135)	2,530

	<b>Attributable to owners of the parent</b>				<b>Total equity</b>
	Share capital	Capital reserve	Translation reserve	Accumulated losses	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>					
Balance at 1 January 2013	41,202	-	-	(23,997)	17,205
Total comprehensive income for the period	-	-	-	20	20
Balance at 30 June 2013	41,202	-	-	(23,977)	17,225
Balance at 1 January 2014	41,202	-	-	(35,172)	6,030
Total comprehensive income for the period	-	-	-	53	53
Balance at 30 June 2014	41,202	-	-	(35,119)	6,083

**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.**

**(A) Share Capital**

There was no change in the Company's share capital from 31 December 2013 up to 30 June 2014. The Company's share capital was S\$6,672,000 comprising 98,492,791 shares as at 31 December 2013 and as at 30 June 2014.

**(B) Convertibles and treasury shares**

The Company had no convertibles and treasury shares as at 30 June 2014 and 30 June 2013.

**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.**

	Company	
	As at 30-June-14	As at 31-Dec-13
Total number of issued shares (excluding treasury shares)	98,492,791	98,492,791

The Company had no treasury shares as at 30 June 2014 and 31 December 2013.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**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 Company's auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.**

Save as disclosed in paragraph 5 below, the Group had consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported as in the audited financial statements for the financial 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 effect of, the change.**

The following are changes in accounting standards that are applicable and effective for the Group for the financial year beginning 1 January 2014:

Description	Effective for annual periods beginning on or after
Revised FRS 27 <i>Separate Financial Statements</i>	01 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	01 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	01 January 2014
FRS 111 <i>Joint Arrangements</i>	01 January 2014
FRS 112 <i>Disclosure of Interests In Other Entities</i>	01 January 2014
Amendments to FRS 32 <i>Offsetting Financial Assets and Financial Liabilities</i>	01 January 2014
Amendments to FRS 36 <i>Recoverable Amount Disclosures for Nonfinancial Assets</i>	01 January 2014
Amendments to FRS 39 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	01 January 2014
INT FRS 121 <i>Levies</i>	01 January 2014

The adoption of these changes in accounting standards did not have any material impact on the Group's financial statements for the current financial period reported on.

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

	Group	
	(Unaudited) 30-Jun-14	(Unaudited) 30-Jun-13
<b>Loss per share (in cents):-</b>		
(a) Basic loss based on the weighted average number of ordinary shares on issue	(3.10)	(2.23)
(b) On fully diluted basis	(3.10)	(2.23)
Weighted average number of shares used in computation of basic earnings per share	98,492,791	98,492,791

Basic loss per ordinary share is computed by dividing the net loss attributable to the equity holders in each financial period by the weighted average number of ordinary shares in issue during the respective financial period.

There was no dilutive ordinary share in existence during the current financial period reported on and the previous corresponding period. Accordingly, the basic and fully diluted loss per share for the respective financial periods were the same.

**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 year.**

	Group		Company	
	(Unaudited) 30-Jun-14	(Audited) 31-Dec-13	(Unaudited) 30-Jun-14	(Audited) 31-Dec-13
Net asset value ("NAV") per ordinary share based on issued share capital (in cents)	2.6	5.7	6.2	6.1
Number of Issued shares	98,492,791	98,492,791	98,492,791	98,492,791

The NAV per ordinary share for the Group and the Company as at 30 June 2014 and 31 December 2013 were calculated based on the respective NAV for the Group and the Company divided by the number of issued shares as at the respective balance sheet date.

**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.**

**INCOME STATEMENT**

**Revenue**

The property cooling measures introduced by the Singapore Government since 2013, coupled with tighter regulations by the Council for Estate Agents ("CEA") have affected the Group's transactions. The Group's total revenue decreased by approximately S\$9.8 million or 43.0% from S\$22.8 million in the six months financial period ended 30 June 2013 ("HY2013") to S\$13.0 million in the six months financial period ended 30 June 2014 ("HY2014").

**Gross profit**

With the decrease in revenue, the Group's gross profit decreased by approximately S\$3.6 million or 80% from S\$4.5 million in HY2013 to S\$0.9 million in HY2014.

The Group's gross profit margin saw a decrease from 19.8% in HY2013 to 6.9% in HY2014 largely due to decrease in the number of local and overseas development project transactions which traditionally have higher profit margin.

**Other income**

Other income comprised mainly rental income and interest income. Other income decreased by approximately S\$0.2 million or 16.0% from S\$0.9 million in HY2013 to S\$0.7 million in HY2014. The decrease was mainly due to the decrease in rental income as a result of decrease in demand for sub-leased space in the Company's office premises.

### **Sales and distribution expenses**

Sales and distribution expenses mainly comprised advertisement and promotion expenses, entertainment expenses, recruitment agent expenses and allowance for doubtful debts. Sales and distribution expenses decreased by approximately S\$0.3 million or 43.2% from S\$0.7 million in HY2013 to S\$0.4 million in HY2014 mainly due to reduced provision of doubtful debts in HY2014 as compared with HY2013.

### **General and administrative expenses (“G&A Expenses”)**

G&A Expenses comprised mainly salaries and related costs, audit fees, secretarial fees, tax fees, professional fees, rental, and printing and stationeries expenses. The G&A Expenses decreased by approximately S\$2.6 million or 37.9% from S\$6.8 million in HY2013 to S\$4.2 million in HY2014, mainly due to lower staff cost incurred in HY2014 as a result of the streamlining of the Group’s operations.

### **Finance Costs**

Finance Costs comprised mainly interest expenses. Interest expense increased by approximately S\$5,000 or 17.2% from S\$29,000 in HY2013 to S\$34,000 in HY2014, mainly due to imputed interest payable on rental deposits received from sub-tenants.

## **BALANCE SHEET**

Property, plant and equipment decreased by S\$0.5 million from S\$2.9 million as at 31 December 2013 to S\$2.4 million as at 30 June 2014. The decrease was mainly due to depreciation of assets of the Group.

Trade receivables decreased by approximately S\$2.7 million from S\$4.8 million as at 31 December 2013 to S\$2.1 million as at 30 June 2014, mainly due to lower turnover from resale and development projects.

Trade payables decreased by approximately S\$2.6 million from S\$4.9 million as at 31 December 2013 to S\$2.3 million as at 30 June 2014, mainly due to a decrease in commission payable to salespersons arising from a decrease in commission revenue from the resale market and development projects property transactions.

Other payables decreased by approximately S\$0.9 million from S\$4.5 million as at 31 December 2013 to S\$3.6 million as at 30 June 2014, mainly due to reduction in accruals for restructuring costs made in year 2013.

The Group reported a positive working capital of S\$0.1 million as at 30 June 2014 as compared to S\$2.7 million as at 31 December 2013.

## **CASH FLOW STATEMENT**

Net cash used in operating activities in HY2014 was approximately S\$3.3 million, mainly due to operating cash outflow of S\$2.2 million before changes in working capital and a decrease in payables. This was partially offset by a decrease in receivables during the financial period.

Net cash used in investing activities in HY2014 was approximately S\$0.02 million, which was due to the acquisition of property, plant and equipment by the Company.

Net cash used in financing activities in HY2014 was approximately S\$0.03 million, which was due to the repayment of finance lease commitments.

The Group recorded a net decrease in cash and cash equivalents of approximately S\$3.4 million in HY2014.

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

The Company refers to the profit guidance announcement dated 1 August 2014 in relation to the unaudited financial results for HY2014 where it was stated that one of the reasons for a greater consolidated net loss for HY2014 was due to “increase in provision for doubtful debts mainly related to outstanding sum due from developers for local projects”.

The Company would like to clarify that there was a decrease in provision for doubtful debts in HY2014 as compared to HY2013. Nevertheless, the provision for doubtful debts had contributed to the Group’s net loss in HY2014.

**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 measures to cool the private and public housing markets in Singapore announced by the Government are expected to continue to pose challenges to the real estate industry. As such, the Group expects this business to remain challenging over the next 12 months. The Group is optimistic of contribution from its newly acquired property management subsidiary in Malaysia and is looking at new business initiatives.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared 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) 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 or recommended, a statement to that effect.**

No dividend has been declared or recommended for HY2014.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group had obtained a general mandate from shareholders for IPT which was approved at the Company’s extraordinary meeting on 30 June 2014.

There was no IPT of value above S\$100,000 being transacted in HY2014.

**14. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors (the “Board”) of the Company hereby confirm that to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the half year ended 30 June 2014 for the Company and the Group set out above to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Tong Kooi Lian  
Managing Director and Chief Executive Officer  
Date: 12 August 2014