

OEL (HOLDINGS) LIMITED

(Company Registration No: 198403368H)

First Quarter Financial Statement and Dividend Announcement for the Period Ended 31.03.2016

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL 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		
	1Q 2016	1Q 2015	Change
	S\$'000	S\$'000	%
<u>Continuing Operations</u>			
Revenue	370	859	-56.9%
Cost of sales	(451)	(4,410)	-89.8%
Gross loss	(81)	(3,551)	-97.7%
Other operating income	10	611	-98.4%
Distribution costs	(1)	(19)	-94.7%
Administrative expenses	(550)	(742)	-25.9%
Other operating expenses	(1,190)	(695)	71.2%
Finance costs	(5)	(7)	-28.6%
Loss before tax	(1,817)	(4,403)	-58.7%
Income tax	(201)	-	NM
Loss for the period	(2,018)	(4,403)	-54.2%
Loss attributable to:			
Owners of the Company	(2,018)	(4,403)	-54.2%

NM = Not meaningful

** Under provision of income tax of prior years

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

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

Depreciation of property, plant and equipment
 Foreign currency exchange adjustment (loss) gain, net
 Property, plant and equipment written off
 Gain on disposal of property, plant and equipment
 Interest income
 Interest expenses
 Under provision of tax in prior years
 Project costs written off

Group		
1Q 2016 S\$'000	1Q 2015 S\$'000	Change %
(370)	(317)	16.7%
(985)	578	NM
(4)	-	NM
36	-	NM
-	8	NM
(5)	(7)	-28.6%
(201)	-	NM
-	(3,820)	NM

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

Loss 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
 Total comprehensive loss attributable to:
 Owners of the Company

Group		
1Q 2016 S\$'000	1Q 2015 S\$'000	Change %
(2,018)	(4,403)	-54.17%
1,018	(189)	NM
(1,000)	(4,592)	-78.2%
(1,000)	(4,592)	-78.2%

NM=Not meaningful

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.

	Group		Company	
	31.03.16	31.12.15	31.03.16	31.12.15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and bank balances	1,058	1,534	834	1,295
Trade receivables	46	154	16	24
Other receivables	1,666	1,673	53	30
Other current assets	3,000	3,000	-	-
Inventories	6,134	6,136	-	-
Total current assets	11,904	12,497	903	1,349
Non-current assets:				
Associates	-	-	-	-
Others non-current assets	12	12	38	38
Property, plant and equipment	9,369	9,854	4,722	4,773
Investment property	3,741	3,741	3,741	3,741
Total non-current assets	13,122	13,607	8,501	8,552
Total assets	25,026	26,104	9,404	9,901
Current liabilities:				
Trade payables	8,566	8,841	308	268
Other payables	2,413	2,409	1,409	1,465
Income tax payable	201	-	201	-
Finance leases	33	33	33	33
Bank loans	500	500	500	500
Total current liabilities	11,713	11,783	2,451	2,266

	Group		Company	
	31.03.16	31.12.15	31.03.16	31.12.15
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities:				
Finance leases	25	33	25	33
Deferred tax liabilities	288	288	288	288
Total non-current liabilities	313	321	313	321
Capital and reserves:				
Issued capital	38,530	38,530	38,530	38,530
Reserves	(25,530)	(24,530)	(31,890)	(31,216)
Equity attributable to owners of the Company	13,000	14,000	6,640	7,314
Total equity	13,000	14,000	6,640	7,314
Total liabilities and equity	25,026	26,104	9,404	9,901

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

Amount repayable in one year or less, or on demand

As at 31.03.2016		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 31.03.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
25	-	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.

	Group	
	1Q 2016	1Q 2015
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,817)	(4,403)
Adjustments for:		
Depreciation of property, plant and equipment	370	317
Gain on disposal of property, plant and equipment	(36)	-
Property, plant and equipment written off	4	-
Interest expense	5	7
Interest income	-	(8)
Project costs written off	-	3,000
Operating loss before movements in working capital	(1,474)	(1,087)
Trade receivables	(67)	885
Other receivables	(24)	2,757
Inventories	2	9
Trade payables	269	175
Other payables	768	(3,319)
Cash used in operations	(526)	(580)
Interest paid	(5)	(7)
Interest received	-	8
Net cash used in operating activities	(531)	(579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale investment	-	(12)
Proceeds on disposal of property, plant and equipment	37	-
Net cash from (used in) investing activities	37	(12)

	Group	
	1Q 2016	1Q 2015
	SS'000	SS'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank loans	-	(183)
Repayment of obligations under finance leases	(8)	(8)
Restricted cash	597	2,371
Net cash from financing activities	589	2,180
NET INCREASE IN CASH AND CASH EQUIVALENTS	95	1,589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	712	1,593
Effect of exchange rate changes on the balance of cash held in foreign currencies	26	1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	833	3,183

Represented by :

	31.03.2016	31.03.2015
	SS'000	SS'000
CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,058	5,440
Less: Restricted cash*	(225)	(2,257)
	<u>833</u>	<u>3,183</u>

Restricted cash mainly comprises the retention sum which forms part of the cash proceeds from the disposal of the distribution business in 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
Total comprehensive (loss) income for the period							
Loss for the period	-	-	-	-	(9,468)	(9,468)	(9,468)
Other comprehensive (loss) income for the period	-	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
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	(2,018)	(2,018)	(2,018)
Other comprehensive gain for the period	-	1,018	-	-	-	1,018	1,018
Total	-	1,018	-	-	(2,018)	(1,000)	(1,000)
Balance at 31.03.2016	38,530	2,102	6,539	(182)	(33,989)	13,000	13,000

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
Total comprehensive loss for the period					
Loss for the period	-	-	-	(12,001)	(12,001)
Other comprehensive (loss) income for the period	-	-	-	-	-
Total	-	-	-	(12,001)	(12,001)
Transactions with owners, recognised directly in equity					
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
Total comprehensive loss for the period					
Loss for the period	-	-	-	(674)	(674)
Total	-	-	-	(674)	(674)
Balance at 31.03.2016	38,530	6,539	(182)	(38,247)	6,640

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 31 March 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.

	31.03.2016	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 31 March 2016 and 31 December 2015. The Company does not have any treasury shares as at 31 March 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

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	
1Q 2016	1Q 2015
(0.30) cents	(0.66) cents
(0.30) cents	(0.66) cents

Note: The net earnings per share for the three months ended 31 March 2016 is calculated based on 668,266,667 ordinary shares in issue (31 March 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.

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

Group	
31.03.2016	31.12.2015
1.95 cents	2.09 cents

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

Company	
31.03.2016	31.12.2015
0.99 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 31 March 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\$0.37 million in 1st Quarter 2016 (“1Q2016”) as compared to S\$0.86 million in 1st Quarter 2015 (“1Q2015”).

In 1Q2016, the Shipyard operations posted revenue of S\$0.12 million compared to S\$0.68 million in 1Q2015. The Group revenue also comprised of rental income of S\$0.25 million from the Property Management segment in 1Q2016 compared to S\$0.18 million in 1Q2015.

Gross Loss

The Group posted a gross loss of S\$0.08 million in 1Q2016 as compared to S\$3.6 million in 1Q2015.

The lower gross loss in 1Q2016 was due to the absence of the write-off of projects costs of S\$0.82 million following the final award in an Arbitration Proceeding ordered by the Arbitral Tribunal which was announced by the Company on 21 April 2015 and write-off of other project costs of S\$3.0 million as a result of a review of the recoverable amounts.

Other Operating Income

The Group registered other operating income of S\$0.01 million in 1Q2016 as compared to S\$0.61 million in 1Q2015.

The higher operating income in 1Q2015 was due to negotiated discounts received for amounts owing to certain suppliers of the Shipyard operations and unrealised foreign exchange gain.

Operating Expenses

Operating expenses comprise mainly distribution, administrative and other operating expenses. In 1Q2016, total operating expenses amounted to S\$1.80 million compared to S\$1.50 million in 1Q2015. The higher total operating expenses in 1Q2016 was due to the unrealised exchange loss which was partially offset by the reduction in legal and professional fee, reduction in headcount and operating expenses due to the implementation of cost saving measures.

Loss from Continuing Operations

The Group reported a loss of S\$2.0 million in 1Q2016 as compared to S\$4.4 million in 1Q2015.

The lower loss was attributed mainly to absence of write offs for the Shipyard operation’s assets, reduction in legal and professional fee and reduction in headcount and operating expenses due to cost saving measures. These are more than the unrealised exchange loss and additional tax due to under provision for prior year.

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\$2.0 million for 1Q2016 as compared to a loss of S\$4.4 million for 1Q2015.

REVIEW OF WORKING CAPITAL, ASSETS AND LIABILITIES

The Group's current assets decreased to S\$11.9 million as at 31 March 2016 from S\$12.5 million as at 31 December 2015 due mainly to a reduction in trade receivables and cash and bank balances.

Current liabilities stood at S\$11.7 million as at 31 March 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 31 March 2016.

REVIEW OF CASH FLOW STATEMENT

Cash flow from operating activities was a net cash outflow of S\$0.53 million as compared to a net cash outflow of S\$0.58 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 gas natural gas from two oil fields in Jilin, China. The oil fields are currently in production.

As announced on 30 October 2015, the Group has entered into a supplemental sale and purchase agreement in relation to the Acquisition. For details, please refer to the Company's announcement.

On 30 November 2015, the Group entered into a second supplemental sale and purchase agreement in relation to the Acquisition. For details, please refer to the Company's announcement. Further to a side letter that was signed on 25 February 2016, the long-stop date for the proposed Acquisition has been extended to 31 May 2016.

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.

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 31 March 2016.

13 Interested person transactions

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 31 March 2016.

14. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual (Section B: Rules of Catalist)

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 31 March 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
9 May 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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