



JEP Holdings Ltd.
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MEDIA RELEASE

JEP returns to profitability in FY2015

Y/E 31 Dec (S\$ million)	FY2015 (Unaudited)	FY2014 (Restated) ⁽¹⁾	Change %
Revenue	58.8	49.8	18.1
Cost of sales	(52.0)	(45.3)	14.9
Gross Profit	6.8	4.5	49.2
Other operating income	1.4	1.4	(2.3)
Selling and distribution expenses	(1.5)	(1.4)	3.1
Administrative expenses	(5.9)	(5.2)	14.2
Finance costs	(0.5)	(0.4)	20.1
Tax credit	0.2	0.2	53.8
Operating profit / (loss) after tax	0.5	(0.9)	N.M.
Profit / (loss) from discontinued operation	(0.0)	0.2	N.M.
Net Profit / (Loss)	0.5	(0.7)	N.M.
EPS* (cents)	0.066	(0.076)	
NAV per share*(cents)	3.7	4.4	

* Based on average weighted number of 970,726,691 shares (FY2014: 928,973,266 shares)

N.M. = not meaningful

Note: (1) Restated pursuant to the deferred tax liability movement.

29 February 2016 – JEP Holdings Ltd., (“JEP”, and together with its subsidiaries, the “Group”), a leading provider of precision machining and engineering solutions, reported a net profit of S\$0.5 million for the year ended 31 December 2015 (“FY2015”), turning around from a net loss of S\$0.7 million in FY2014. Group revenue increased by 18.1% from S\$49.8 million in FY2014 to S\$58.8 million in FY2015, driven by continued growth in the Group’s aerospace business as well as contributions from a newly acquired subsidiary, JEP Industrades Pte Ltd (“JEPI”).

“We were not spared from the effects of plummeting crude oil prices, which has had a direct impact on the demand for our oil and gas products. We are also seeing a negative effect on general business sentiment, even in non-oil and gas sectors, due to the uncertainty caused by the steep plunge. Nonetheless, the aerospace segment continues to be our strong performer, as we attained additional business from customers who have recognised the work we have put in.”

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

Financial Performance

Revenue from the aerospace segment was S\$32.7 million, S\$3.9 million higher than FY2014. This segment remains the main contributor to the Group's top-line, making up 55.6% of total revenue. The oil and gas segment contributed S\$9.8 million, or 16.7% of total revenue. This was a decrease of S\$1.6 million compared to FY2014.

JEPI's business of marketing cutting tools was classified under the Trading and Others segment. This segment contributed S\$6.3 million, or 10.8% of Group revenue. Excluding the additional contribution from JEPI, total Group revenue would have increased by 5.4% compared to FY2014.

The Group's administrative expenses increased by S\$0.7 million, mainly attributable to a rise in rental charges. Finance costs increased by S\$0.1 million as a result of higher loans and the corresponding increase in borrowing costs.

Balance Sheet Review

The Group recorded a net increase of S\$2.8 million in property, plant and equipment, mainly due to capital expenditure for assets under construction at the Group's Seletar Aerospace Park ("SAP") premises, and procurement of machinery. Inventories increased by S\$3.3 million, which was mainly due to the consumable cutting tool stock of the new subsidiary JEPI. Trade receivables increased by S\$2.5 million, also mainly attributable to JEPI.

The Group's cash and cash equivalents increased by S\$0.2 million, with the addition of S\$1.3 million cash from JEPI partially offset by procurement of machinery, and payments relating to the new 4-storey building for the Group's subsidiary, Dolphin Engineering Pte Ltd.

Under current liabilities, other payables and accruals increased by S\$3.1 million mainly due to payables for construction work at SAP. Loans and borrowings decreased by S\$3.9 million under current liabilities, but non-current loans and borrowings increased by S\$3.0 million, mainly due to the reclassification of a S\$4.0 million money market loan. The Group recorded S\$3.9 million in other payables and accruals under non-current liabilities, mainly relating to earn-out payments due to the former shareholders of JEPI under the acquisition terms.

Overall, the Group's working capital[^] improved from S\$2.4 million as at 31 December 2014 to S\$8.6 million as at 31 December 2015; net assets increased from S\$37.1 million to S\$41.3 million over the same time period, and total obligations under finance leases and borrowings decreased by S\$1.5 million.

[^] Working capital is defined as current assets minus current liabilities.

Outlook

Demand for the Group's aerospace products should be underpinned by an extended period of record production levels, driven by the need to replace obsolete aircraft with newer and more fuel efficient models, and a continued increase in passenger travel demand. The Group is also positive on the prospects for its new subsidiary, JEPI, but expects the oil and gas segment to remain sluggish amid a lack of positive catalysts for oil prices.

"The long-term outlook for JEP remains favourable. Our plan is to keep building a solid and consistent earnings base, and we will continue taking steps to build up our capabilities and elevate our competitiveness in the global aerospace supply chain. Furthermore, the acquisition of JEPI has helped us to address our cost base while also diversifying our income streams."

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

About JEP Holdings Ltd.

JEP Holdings Ltd. is a solution provider of high value, integrated and specialised precision machining and engineering services for a number of industries, with a primary focus on the aerospace industry, as well as oil and gas and equipment manufacturing industries. The Group provides seamless manufacturing solutions with a value chain of high end precision machining, supported by modular assembly of sub-systems, advanced machines and equipment and full system integration capabilities. The Group also owns a trading business which markets cutting tools used in aerospace, mould and die, and oil and gas manufacturing.

Founded in 1998 and led by a dedicated and experienced management team, the Group is headquartered in Singapore, with three facilities for manufacturing and the provision of secondary processes related to engineering services. JEP has an established network of customers in the aerospace industry, stretching across North America, Europe, and Japan.

Listed on SGX Catalyst since 2004, the Group was formerly 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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