

Name of Company: AP OIL INTERNATIONAL LIMITED  
Registration No: 197502257M

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2017

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding Financial Year (FY).

	FY 2017 S\$'000	FY 2016 S\$'000	Change %	Note
<b>Revenue</b>	<b>91,954</b>	<b>79,140</b>	16%	
Cost of sales	(80,837)	(66,098)	22%	a
<b>Gross profit</b>	<b>11,117</b>	<b>13,042</b>	-15%	
Interest income	159	74	115%	
Other gains	938	577	63%	b
Distribution costs	(2,639)	(2,772)	-5%	
Administrative expenses	(7,069)	(7,136)	-1%	a
Finance costs	(8)	(5)	60%	
Other losses	(12)	(237)	-95%	c
Share of results of equity-accounted joint ventures	218	247	-12%	
<b>Profit before tax from continuing operations</b>	<b>2,704</b>	<b>3,790</b>	-29%	
Income tax expense	(302)	(456)	-34%	
<b>Profit from continuing operations, net of tax</b>	<b>2,402</b>	<b>3,334</b>	-28%	
<b><u>Other comprehensive (loss)/income</u></b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Available-for-sale financial assets, net of tax	24	28	-14%	
Exchange differences on translation from functional currency to presentation currency	(3,165)	871	-463%	d
Share of other comprehensive income/(loss) from equity-accounted joint ventures, net of tax	69	(44)	-257%	
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(3,072)</b>	<b>855</b>		
<b>Total comprehensive (loss)/income for the year</b>	<b>(670)</b>	<b>4,189</b>	-116%	
Profit attributable to owners of the company, net of tax	2,422	3,495	-31%	
Loss attributable to non-controlling interests, net of tax	(20)	(161)	-88%	
<b>Profit net of tax</b>	<b>2,402</b>	<b>3,334</b>	-28%	
Total comprehensive (loss)/income attributable to owners of the company	(650)	4,350	-115%	
Total comprehensive loss attributable to non-controlling interests	(20)	(161)	-88%	
<b>Total comprehensive (loss)/income for the year</b>	<b>(670)</b>	<b>4,189</b>	-116%	

Note:

\*N.M. : Not meaningful.

## Notes to Statement of Comprehensive Income

	FY 2017 S\$'000	FY 2016 S\$'000
<b>a. Depreciation</b>		
The total depreciation expenses charged are as follows:		
Cost of sales	(642)	(705)
Administrative expenses	(616)	(558)
	<u>(1,258)</u>	<u>(1,263)</u>
<b>b. Other gains</b>		
Bad debts recovered on trade receivables	6	2
Foreign exchange adjustments gains	391	-
Gain on disposal of plant and equipment	31	86
Government grant	140	209
Royalty income	16	41
Other income	354	239
	<u>938</u>	<u>577</u>
<b>c. Other losses</b>		
Allowance for impairment on trade receivables	(9)	-
Foreign exchange adjustments losses	-	(237)
Plant and equipment written-off	(3)	-
	<u>(12)</u>	<u>(237)</u>
<b>d. Exchange differences</b>		
Exchange differences arose mainly from the translation of financial statements of entities in the Group with US dollar functional currency to the presentation currency (i.e. Singapore dollar) at the exchange rate at the end of the financial year.		

**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		
	31-12-17 S\$'000	31-12-16 S\$'000	% Change	31-12-17 S\$'000	31-12-16 S\$'000	% Change
<u>Non-current assets</u>						
Property, plant and equipment	4,823	5,503	-12%	791	1,119	-29%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	17,939	19,372	-7%
Investments in joint ventures	2,386	2,177	10%	512	228	125%
Deferred tax assets	41	54	-24%	-	-	N.M.*
Other assets	626	676	-7%	-	-	N.M.*
Other financial assets	5,721	887	545%	5,721	887	545%
Total non-current assets	14,006	9,706	44%	24,963	21,606	16%
<u>Current assets</u>						
Inventories	4,998	7,329	-32%	-	-	N.M.*
Trade and other receivables	10,781	9,412	15%	6,096	8,544	-29%
Other assets	575	296	94%	23	24	-4%
Cash and cash equivalents	32,033	38,278	-16%	10,556	10,949	-4%
Total current assets	48,387	55,315	-13%	16,675	19,517	-15%
Total assets	62,393	65,021	-4%	41,638	41,123	1%
<u>Equity and liabilities</u>						
<u>Equity attributable to owners of the company</u>						
Share capital	6,606	6,606	N.M.*	6,606	6,606	N.M.*
Retained earnings	42,951	41,763	3%	26,679	23,770	12%
Other reserves	3,905	6,977	-44%	(1,188)	1,180	N.M.*
Equity attributable to owners of the company	53,462	55,346	-3%	32,097	31,556	2%
Non-controlling interests	(102)	(82)	24%	-	-	N.M.*
Total equity	53,360	55,264	N.M.*	32,097	31,556	N.M.*
<u>Non-current liabilities</u>						
Deferred tax liabilities	239	257	-7%	60	87	-31%
Finance leases	-	23	-100%	-	-	N.M.*
Total non-current liabilities	239	280	N.M.*	60	87	N.M.*
<u>Current liabilities</u>						
Income tax payable	87	672	-87%	-	3	-100%
Trade and other payables	8,684	8,765	-1%	9,481	9,477	0%
Finance leases	23	40	-43%	-	-	N.M.*
Total current liabilities	8,794	9,477	-7%	9,481	9,480	0%
Total liabilities	9,033	9,757	-7%	9,541	9,567	0%
Total equity and liabilities	62,393	65,021	-4%	41,638	41,123	1%

Note:

\*N.M. : Not meaningful

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

Amount repayable in one year or less, or on demand (S\$'000)

31-12-17		31-12-16	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
23	-	40	-

Amount repayable after one year (S\$'000)

31-12-17		31-12-16	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	23	-

**Details of any collaterals**

Secured borrowings as at 31 December 2017 and 31 December 2016 refer to obligations under finance leases that are secured by plant and equipment purchased under finance leases.

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.

	FY 2017 S\$'000	FY 2016 S\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	2,704	3,790
Adjustments for:		
Interest income	(159)	(74)
Interest expense	8	5
Insurance premium charged to profit or loss	8	8
Depreciation of property, plant and equipment	1,258	1,263
Share of results of equity-accounted joint ventures, net of tax	(218)	(247)
Gain on disposal of property, plant and equipment	(31)	(86)
Operating cash flows before changes in working capital	<u>3,570</u>	<u>4,659</u>
Inventories	1,789	(199)
Trade and other receivables	(2,064)	6,824
Other assets	(301)	117
Trade and other payables	(728)	(1,643)
Net cash flows from operations activities	<u>2,266</u>	<u>9,758</u>
Income tax paid	(892)	(214)
Net cash flows from operating activities	<u>1,374</u>	<u>9,544</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(690)	(2,473)
Proceeds from disposal of property, plant and equipment	58	146
Investment in other financial assets	(5,179)	-
Interest received	159	74
Dividends from joint-venture	136	140
Net cash flows used in investing activities	<u>(5,516)</u>	<u>(2,113)</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(1,234)	(823)
Repayment of finance leases	(40)	(19)
Interest paid	(8)	(5)
Net cash flows used in financing activities	<u>(1,282)</u>	<u>(847)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,424)</b>	<b>6,584</b>
Cash and cash equivalents, statement of cash flows, beginning balance	37,724	30,661
Net effect of exchange rate changes on cash and cash equivalents	(822)	479
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b><u>31,478</u></b>	<b><u>37,724</u></b>
<b>Cash and cash equivalents comprise:</b>		
Not restricted in use	31,478	37,724
Cash pledged for bank facilities	555	554
Cash at end of the year	<u>32,033</u>	<u>38,278</u>

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

	<u>Attributable to owners of the company</u>				Non-controlling interests	Total equity
	Share capital	Retained earnings	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>						
<b>Current period:</b>						
Opening balance at 1.1.17	6,606	41,763	6,977	55,346	(82)	55,264
<b>Movements in equity:</b>						
Total comprehensive income/(loss) for the year	-	2,422	(3,072)	(650)	(20)	(670)
Dividends paid	-	(1,234)	-	(1,234)	-	(1,234)
Closing balance at 31.12.17	6,606	42,951	3,905	53,462	(102)	53,360
<b>Previous period:</b>						
Opening balance at 1.1.16	6,606	39,091	6,122	51,819	79	51,898
<b>Movements in equity:</b>						
Total comprehensive income/(loss) for the year	-	3,495	855	4,350	(161)	4,189
Dividends paid	-	(823)	-	(823)	-	(823)
Closing balance at 31.12.16	6,606	41,763	6,977	55,346	(82)	55,264
	Share capital	Retained earnings	Other reserves	Total equity		
	S\$'000	S\$'000	S\$'000	S\$'000		
<b>Company</b>						
<b>Current period:</b>						
Opening balance at 1.1.17	6,606	23,770	1,180	31,556		
<b>Movements in equity:</b>						
Total comprehensive income/(loss) for the year	-	4,143	(2,368)	1,775		
Dividends paid	-	(1,234)	-	(1,234)		
Closing balance at 31.12.17	6,606	26,679	(1,188)	32,097		
<b>Previous period:</b>						
Opening balance at 1.1.16	6,606	21,745	405	28,756		
<b>Movements in equity:</b>						
Total comprehensive income for the year	-	2,848	775	3,623		
Dividends paid	-	(823)	-	(823)		
Closing balance at 31.12.16	6,606	23,770	1,180	31,556		

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 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.

As at 31 December 2017, there was no movement in the company's share capital and no share options were issued.

**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.**

The total number of issued shares was 164,531,172 as at 31 December 2017 and 31 December 2016.

**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.**

Not applicable.

**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.

**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.**

Yes.

**5. If there were 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 adoption of new and revised Financial Reporting Standards (FRSs) and Interpretations to FRSs (INT FRSs) effective for the current reporting period have no material impact on the financial statements of the Group.

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

	Group	
	31-12-17	31-12-16
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (31.12.2016: 164,531,172 shares)	1.47	2.12
(ii) On a fully diluted basis of 164,531,172 ordinary shares (31.12.2016: 164,531,172 shares)	1.47	2.12

Note:

The total earnings per ordinary share from continuing and discontinued operations were calculated based on the number of ordinary shares in issue of 164,531,172 as at 31 December 2017 and 31 December 2016.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current period reported on; and  
(b) immediately preceding financial year**

	31-12-17	31-12-16
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.16: 164,531,172)		
Group	32.49	33.64
Company	19.51	19.18

Note:

Net asset value per ordinary share was calculated based on the number of ordinary shares in issue of 164,531,172 as at 31 December 2017 and 31 December 2016.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) 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; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

**Income Statement and Statement of Comprehensive Income**

- (i) Total revenue increased by 16% over last year to S\$92.0 million due mainly to increase in trading and manufacturing volume.
- (ii) Cost of sales increased by 22% over last year in line with the higher manufacturing volume and increase in raw material prices.
- (iii) Gross profit margin decreased by 4 percentage points over last year to 12.1% due mainly to lower margin from competition in marine lubricants sales.
- (iv) The profit before tax and profit net of tax decreased by 29% and 28% over last year to S\$2.7 million and S\$2.4 million, respectively.
- (v) Exchange difference arose mainly from the translation of financial statements of entities in the Group with US dollar functional currency to the presentation currency (i.e. Singapore dollar) at the exchange rate at the end of the year. The income and expenses were translated at the average rate of exchange for the year.



### **Statement of Financial Position**

- (i) Other financial assets increased by \$4.8 million due mainly to the \$5.1 million contribution, offset by \$0.2 million of foreign exchange translation losses, to subscribe for 12.5% of equity interest in Chongqing Zongshen Financial Leasing Company Limited (“Capital Contribution”).
- (ii) Inventories reduced by 32% as a result of lower raw material replenishment towards end of FY 2017.
- (iii) Trade and other receivables increased by \$1.4 million over last year due mainly to higher manufacturing and trading revenue.
- (iv) Cash and cash equivalents decreased by \$6.2 million over last year due mainly to the Capital Contribution, final 2016 dividend paid in 1H 2017 and purchase of property, plant and equipment.
- (v) Other reserves decreased by \$3.1 million over last year due mainly to foreign exchange translation losses from the translation of financial statements of entities in the Group with US dollar functional currency (in line with the weaker US dollar of FY 2017) to the presentation currency of Singapore dollar.

### **Statement of Cash Flows**

Operational cash flows reduced to S\$1.4 million in FY 2017 due mainly to increase in trade receivables and decrease in profit before tax as compared to last year.

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

There is no significant variance between the previous disclosures and the actual results.

### **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.**

- (i) FY 2017 has seen major marine lubricant competition implementing broad based low price strategy. Coupled with an internationally weak shipping industry, this has eroded gross profit. We expect these conditions to continue into FY 2018.
- (ii) We are making conscientious effort in new business development to bolster the performance of the Group in the challenging year ahead.

## 11. Dividend

### (a) Current Financial Year Reported On

Any dividend declared for the current financial period reported on?

The Directors are pleased to propose a final tax exempt (one-tier) dividend of 0.50 cents per ordinary share in respect of the financial year ended 31 December 2017 for approval by shareholders at the next Annual General Meeting ("AGM") to be held on 26 April 2018.

Name of Dividend	2017 Interim Ordinary Exempt-1-Tier	Proposed 2017 Final Ordinary Exempt-1-Tier	2017 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per shares)	0.00	0.50	0.50

### (b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	2016 Interim Ordinary Exempt-1-Tier	2016 Final Ordinary Exempt-1-Tier	2016 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	0.50	0.75	1.25

### (c) Date payable

The proposed final tax exempt 1-Tier dividend of 0.50 cents per ordinary share, if approved at the AGM to be held on 26 April 2018, will be paid on 25 May 2018.

### (d) Books closure date

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on 8 May 2018 to determine the shareholders' entitlements to the proposed final dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Singapore Pte Ltd, 80 Robinson Road, #02-00, Singapore 068898, up to close of business at 5.00 p.m. on 7 May 2018 (the "Book Closure Date") will be registered to determine shareholders' entitlement to the proposed final dividend.

In respect of shares in securities with the Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the final dividend entitlement to the CDP account holders in accordance with its normal practice.

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, 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 does not have a general mandate from shareholders for interested person transactions.

**14. Confirmation of undertakings from directors and executive officers.**

The company has procured undertaking from all its directors and executive officers under Rule 720(1) of the listing manual.

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Manufacturing		Trading		Franchising*		Unallocated		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Continuing Operations</b>										
<b>Revenue by segment</b>										
Total revenue by segment	42,335	37,390	38,377	29,942	13,302	13,798	-	-	94,014	81,130
Inter-segment sales	(783)	(871)	(1,277)	(1,119)	-	-	-	-	(2,060)	(1,990)
External revenue	41,552	36,519	37,100	28,823	13,302	13,798	-	-	91,954	79,140
Gross profit	7,445	9,296	2,280	1,799	1,392	1,947	-	-	11,117	13,042
Interest income							159	74	159	74
Other gains							938	577	938	577
Finance costs							(8)	(5)	(8)	(5)
Other losses							(12)	(237)	(12)	(237)
Unallocated expense							(9,708)	(9,908)	(9,708)	(9,908)
Share of results of joint ventures							218	247	218	247
Profit before tax									2,704	3,790
Income tax expense							(302)	(456)	(302)	(456)
Profit from continuing operations									2,402	3,334
<b>Assets and reconciliations</b>										
Total assets for reportable segments	11,172	12,108	5,561	5,745	3,011	3,329	42,649	43,839	62,393	65,021
<b>Liabilities and reconciliations</b>										
Total liabilities for reportable segments	4,232	4,701	1,671	2,275	560	761	2,570	2,020	9,033	9,757
<b>Other material items and reconciliations</b>										
Depreciation expense	441	511	397	353	-	-	420	399	1,258	1,263
Capital expenditure	290	316	257	1,795	-	-	143	422	690	2,533

\* The franchising segment includes trades in raw materials for products under our brand names.

**Geographical Information**

Location	Revenue			Non-Current Asset		
	2017	2016	%	2017	2016	%
	S\$'000	S\$'000	Change	S\$'000	S\$'000	Change
Singapore	51,563	43,506	19%	3,894	5,046	-23%
Vietnam	10,832	10,478	3%	2,468	2,075	19%
Bangladesh	5,621	4,553	23%	-	-	N.M.
Hong Kong	4,223	1,396	203%	-	-	N.M.
UAE	3,999	4,169	-4%	-	-	N.M.
Malaysia	2,656	3,111	-15%	-	-	N.M.
China	2,491	1,097	127%	1,882	1,644	14%
Greece	2,142	1,496	43%	-	-	N.M.
Indonesia	2,077	2,272	-9%	-	-	N.M.
Myanmar	2,004	2,055	-2%	-	-	N.M.
Philippines	1,406	1,943	-28%	-	-	N.M.
Other countries	2,940	3,064	-4%	-	-	N.M.
Total	91,954	79,140	16%	8,244	8,765	-6%

N.M. : Not meaningful

**Information about major customers**

2 customers (FY 2016: 2 customers) contributed more than 10% each of the Group's total revenues. The total sale to these 2 customers (FY 2016: 2 customers) was approximately S\$32.2 million (FY 2016: S\$28 million).

**16. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments**

Total revenue increased by 16% over last year to S\$92 million due mainly to increase in trading and manufacturing volume during the year.

**17. A breakdown of sales and profit**

	Group		
	2017 \$'000	2016 \$'000	% Change
Revenue for first half year	44,318	38,256	16%
Profit after tax before deducting minority interests reported for first half year	1,483	2,700	-45%
Revenue for second half year	47,636	40,884	17%
Profit after tax before deducting minority interests reported for second half year	919	634	45%

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	2017 \$'000	2016 \$'000
Ordinary**	823	2,057
Preference	-	-
Total:	823	2,057

\*\* includes proposed final dividend of 0.50 cents to be approved at AGM on April 26, 2018

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Ho Chee Hon  
Group Chief Executive Officer  
26 February 2018