



AP OIL INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Registration No.: 197502257M)

Condensed Consolidated Financial Statements

For Second Half and Financial Year Ended 31 December 2021

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A. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group						
		Second half year ended			Change	Financial year ended		Change
		31 Dec 2021	31 Dec 2020	%		31 Dec 2021	31 Dec 2020	
S\$'000	S\$'000	%	S\$'000	S\$'000	%			
Revenue	#	27,964	29,117	-4%	55,614	57,149	-3%	
Cost of sales	1, 3	(23,628)	(24,762)	-5%	(45,658)	(48,490)	-6%	
Gross profit		4,336	4,355	-1%	9,956	8,659	15%	
Interest income	#	51	131	-61%	115	363	-68%	
Other gains	2	961	527	82%	1,463	1,427	3%	
Distribution costs	3	(901)	(1,077)	-16%	(1,824)	(2,107)	-13%	
Administrative expenses	1, 3	(3,285)	(2,874)	14%	(6,498)	(5,888)	10%	
Finance costs	4	(113)	(45)	151%	(231)	(98)	136%	
Other losses	5	(45)	(83)	-46%	(77)	(170)	-55%	
Share of results of equity -accounted joint ventures	#	20	186	-89%	71	324	-78%	
Profit before tax		1,024	1,120	-9%	2,975	2,510	19%	
Income tax expense	6	20	(300)	-107%	(234)	(357)	-34%	
Profit net of tax		1,044	820	27%	2,741	2,153	27%	
Other comprehensive income								
/(loss)								
Items that may be reclassified								
subsequently to profit or loss								
Exchange differences on translation from functional currency to presentation currency	7	180	(2,334)	108%	875	(660)	233%	
Share of other comprehensive income/(loss) from equity -accounted joint ventures, net of tax		22	(41)	154%	(15)	27	-156%	
Other comprehensive income								
/(loss) for the period/year,								
net of tax		202	(2,375)	109%	860	(633)	236%	
Total comprehensive income								
/(loss) for the period/year		1,246	(1,555)	180%	3,601	1,520	137%	
Profit attributable to owners of the Company, net of tax		1,044	820	27%	2,741	2,153	27%	
Profit net of tax		1,044	820	27%	2,741	2,153	27%	
Total comprehensive income /(loss) attributable to owners of the Company		1,246	(1,555)	180%	3,601	1,520	137%	
Total comprehensive income								
/(loss) for the period/year		1,246	(1,555)	180%	3,601	1,520	137%	
Earnings per share		Singapore	Singapore		Singapore	Singapore		
		Cents	Cents		Cents	Cents		
Basic and diluted		0.63	0.50	27%	1.67	1.31	27%	

Note:

: Refer to pages 20 and 21 for notes.

Notes to the Condensed Consolidated Statement of Comprehensive Income

1. Depreciation

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Total depreciation charged are as follows:				
Cost of sales	(547)	(524)	(1,082)	(1,058)
Administrative expenses	(353)	(309)	(663)	(617)
	<u>(900)</u>	<u>(833)</u>	<u>(1,745)</u>	<u>(1,675)</u>

The depreciation for right-of-use assets for the (i) second half year ended 31 December 2021 ("2H2021"), (ii) second half year ended 31 December 2020 ("2H2020"), (iii) financial year ended 31 December 2021 ("FY2021") and (iv) financial year ended 31 December 2020 ("FY2020") included in the above are summarised below:

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation for right-of-use assets:				
Cost of sales	(158)	(145)	(315)	(319)
Administrative expenses	(50)	(48)	(96)	(95)
	<u>(208)</u>	<u>(193)</u>	<u>(411)</u>	<u>(414)</u>

2. Other gains

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Dividend income	-	295	-	295
Fair value gain on other financial asset (*)	750	-	750	-
Foreign exchange adjustments gains/(loss)	54	(269)	186	-
(Loss)/Gain on disposal of plant and equipment	(1)	10	95	14
Government grants	115	451	359	1,013
Interest income from insurance policy	16	16	37	37
Royalty income	23	25	23	25
Other income	4	(1)	13	43
	<u>961</u>	<u>527</u>	<u>1,463</u>	<u>1,427</u>

(*) Recognition of fair value gain in investment in Chongqing Zongshen Financial Leasing Company Limited.

Notes to the Condensed Consolidated Statement of Comprehensive Income

3. Employee benefits expense

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Total employee benefits expense charged are as follows:				
Cost of sales	(913)	(926)	(1,822)	(1,798)
Distribution costs	(539)	(573)	(1,028)	(1,166)
Administrative expenses	(2,256)	(1,858)	(4,272)	(3,747)
	<u>(3,708)</u>	<u>(3,357)</u>	<u>(7,122)</u>	<u>(6,711)</u>

4. Finance costs

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense	(113)	(45)	(231)	(98)
	<u>(113)</u>	<u>(45)</u>	<u>(231)</u>	<u>(98)</u>

5. Other losses

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for impairment on trade receivables - (loss)/reversal	(44)	58	(76)	(25)
Bad debts written off on trade receivables	(1)	(12)	(1)	(12)
Foreign exchange adjustments losses	-	(130)	-	(130)
Plant and equipment written-off	-	(2)	-	(3)
Other expense	-	3	-	-
	<u>(45)</u>	<u>(83)</u>	<u>(77)</u>	<u>(170)</u>

Notes to the Condensed Consolidated Statement of Comprehensive Income

6. Taxation

	Group			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax (expense)/benefit	(51)	78	(201)	21
Deferred tax benefit/(expense)	71	(378)	(33)	(378)
	<u>20</u>	<u>(300)</u>	<u>(234)</u>	<u>(357)</u>

Deferred tax benefit/(expense) relates to origination and reversal of temporary differences.

7. Exchange differences

Exchange differences arose mainly from the translation of assets and liabilities 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 period/year.

B. CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	Group			Company		
		31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	% Change	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	% Change
ASSETS							
<u>Non-current assets</u>							
Property, plant and equipment	1	12,775	12,571	2%	515	326	58%
Right-of-use assets		5,300	5,526	-4%	1,263	1,304	-3%
Goodwill	2	409	409	0%	-	-	0%
Investments in subsidiaries		-	-	0%	17,736	17,533	1%
Investments in joint ventures		2,509	2,570	-2%	516	506	2%
Deferred tax assets		36	3	N.M.	-	-	0%
Other financial assets	3	6,619	5,730	16%	6,619	5,730	16%
Other assets	#	140	197	-29%	-	-	0%
Total non-current assets		<u>27,788</u>	<u>27,006</u>	3%	<u>26,649</u>	<u>25,399</u>	5%
<u>Current assets</u>							
Inventories		8,567	8,244	4%	-	-	0%
Trade and other receivables	#	6,046	4,980	21%	13,929	8,689	60%
Other assets	#	887	488	82%	19	19	0%
Cash and cash equivalents		32,775	35,735	-8%	4,420	8,200	-46%
Total current assets		<u>48,275</u>	<u>49,447</u>	-2%	<u>18,368</u>	<u>16,908</u>	9%
Total assets		<u>76,063</u>	<u>76,453</u>	-1%	<u>45,017</u>	<u>42,307</u>	6%
EQUITY AND LIABILITIES							
<u>Equity attributable to owners of the Company</u>							
Share capital		6,606	6,606	0%	6,606	6,606	0%
Retained earnings		48,423	46,505	4%	35,812	34,185	5%
Other reserves	#	4,099	3,239	27%	(1,025)	(1,767)	42%
Total equity		<u>59,128</u>	<u>56,350</u>	5%	<u>41,393</u>	<u>39,024</u>	6%
<u>Non-current liabilities</u>							
Deferred tax liabilities		646	580	11%	-	-	0%
Loans and borrowings	4	4,210	5,320	-21%	-	-	0%
Lease liabilities	#	5,077	5,328	-5%	1,272	1,325	-4%
Total non-current liabilities		<u>9,933</u>	<u>11,228</u>	-12%	<u>1,272</u>	<u>1,325</u>	-4%
<u>Current liabilities</u>							
Income tax payable		237	274	-14%	-	-	0%
Loans and borrowings	4	1,114	879	27%	-	-	0%
Lease liabilities	#	410	358	15%	53	52	2%
Trade and other payables	#	5,241	7,364	-29%	2,299	1,906	21%
Total current liabilities		<u>7,002</u>	<u>8,875</u>	-21%	<u>2,352</u>	<u>1,958</u>	20%
Total liabilities		<u>16,935</u>	<u>20,103</u>	-16%	<u>3,624</u>	<u>3,283</u>	10%
Total equity and liabilities		<u>76,063</u>	<u>76,453</u>	-1%	<u>45,017</u>	<u>42,307</u>	6%
		Singapore Cents	Singapore Cents		Singapore Cents	Singapore Cents	
Net asset value per share		<u>35.94</u>	<u>34.25</u>	5%	<u>25.16</u>	<u>23.72</u>	6%

Notes:

: Refer to page 21 for notes.

N.M. : Not meaningful

Notes to the Condensed Statements of Financial Position

1. Property, plant and equipment

In 2H2021, the Group acquired assets amounting to S\$413,000 (2H2020: S\$612,000) and disposed assets amounting to S\$9,000 (2H2020: S\$6,000).

2. Goodwill

	Group	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
At beginning and end of the year	409	409

Goodwill is allocated to a cash generating unit which represents the Group's investment in GB Chemicals Pte Ltd, a subsidiary of the Company. No impairment allowance was recognised by the Group as the recoverable amount of the cash generating unit is higher than its carrying amount.

3. Other financial assets

	Group	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
At amortised cost:		
- Key man life insurance policy	954	907
At fair value through profit or loss:		
- Investment in equity interest of unquoted entity	5,665	4,823
	<u>6,619</u>	<u>5,730</u>

The fair value of the investment in equity interest of unquoted entity has been determined based on adjusted net asset approach and is categorised within Level 3 of the fair value hierarchy.

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) Inputs other than quoted prices included within Level 1 which are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) Inputs for the assets or liabilities which are not based on observable market data (Level 3).

Notes to the Condensed Statements of Financial Position

4. Loans and borrowings

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

Group			
31 Dec 2021		31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
1,114	-	879	-

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

Group			
31 Dec 2021		31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
4,210	-	5,320	-

Details of any collaterals

Secured borrowing of S\$5,324,000 as at 31 December 2021 (S\$6,199,000 as at 31 December 2020) relates to a bank loan secured by a mortgage of the leasehold property located at 18 Pioneer Sector 1, Singapore 628428.

C. CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the company			
	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Total equity S\$'000
Group				
Current period				
Opening balance at 1 Jan 2021	6,606	46,505	3,239	56,350
Changes in equity				
Total comprehensive income for the year	-	2,741	860	3,601
Dividend paid	-	(823)	-	(823)
Closing balance at 31 Dec 2021	6,606	48,423	4,099	59,128
Previous period				
Opening balance at 1 Jan 2020	6,606	45,586	3,872	56,064
Changes in equity				
Total comprehensive income/(loss) for the year	-	2,153	(633)	1,520
Dividend paid	-	(1,234)	-	(1,234)
Closing balance at 31 Dec 2020	6,606	46,505	3,239	56,350
Company				
Current period:				
Opening balance at 1 Jan 2021	6,606	34,185	(1,767)	39,024
Changes in equity				
Total comprehensive income for the year	-	2,450	742	3,192
Dividend paid	-	(823)	-	(823)
Closing balance at 31 Dec 2021	6,606	35,812	(1,025)	41,393
Previous period				
Opening balance at 1 Jan 2020	6,606	34,410	(1,079)	39,937
Changes in equity				
Total comprehensive income/(loss) for the year	-	1,009	(688)	321
Dividend payable	-	(1,234)	-	(1,234)
Closing balance at 31 Dec 2020	6,606	34,185	(1,767)	39,024

D. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	2,975	2,510
Adjustments for:		
Interest income	(115)	(363)
Interest expense	231	98
Interest income from insurance policy	(37)	(37)
Insurance premium charged to profit or loss	8	8
Dividend income	-	(295)
Depreciation of property, plant and equipment	1,334	1,261
Depreciation of right-of-use assets	411	414
Share of results of equity-accounted joint ventures, net of tax	(71)	(324)
Plant and equipment written off	-	3
Gain on disposal of plant and equipment	(95)	(14)
Fair value gain on other financial asset	(750)	-
Operating cash flows before changes in working capital	3,891	3,261
Inventories	(165)	(459)
Trade and other receivables	(970)	2,914
Other assets	(390)	(147)
Trade and other payables	(2,264)	(1,492)
Net cash flows from operations	102	4,077
Income tax paid	(238)	(71)
Net cash flows (used in)/generated from operating activities	(136)	4,006
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(1,314)	(1,259)
Proceeds from disposal of plant and equipment	104	23
Refund of prepayment for purchase of land	60	422
Interest received	115	363
Dividend received	150	428
Net cash flows used in investing activities	(885)	(23)
<u>Cash flows from financing activities</u>		
Dividend paid	(823)	(1,234)
Proceeds from loan and borrowing	-	133
Repayment of bank borrowings	(875)	(81)
Repayment of lease liabilities	(358)	(347)
Interest paid	(231)	(98)
Net cash flows used in financing activities	(2,287)	(1,627)
Net (decrease)/increase in cash and cash equivalents	(3,308)	2,356
Cash and cash equivalents, statement of cash flows, beginning balance	35,735	33,621
Net effect of exchange rate changes on cash and cash equivalents	348	(242)
Cash and cash equivalents, statement of cash flows, ending balance	32,775	35,735

E. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

AP Oil International Limited is incorporated and domiciled in Singapore, and its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated financial statements for the 2H2021 and FY2021 comprise the Company and its subsidiaries (collectively, the Group). The Company is an investment holding company.

The principal activities of the Group are in:

- (a) Manufacturing of a range of lubricating oil and specialty chemicals for industrial, automotive and marine applications, as well as the provision of oil blending services and rental of cleaning equipment to its customers;
- (b) Trading of base oil, lubricant components, commodity chemicals etc.; and

More information on operating segment is disclosed in Note 4 below.

2. Basis of Preparation

The condensed financial statements for 2H2021 and FY2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed financial statements are presented in Singapore dollar as the Condensed Financial Statements are meant primarily for users in Singapore. The amounts are rounded to nearest thousand, unless otherwise stated.

2.1. New and amended accounting standards adopted by the Group

A number of amendments to accounting standards have become applicable for the current reporting period. Those applicable new or revised standards do not require any significant modification or the presentation in the financial statements.

2.2. Use of judgements and estimates

In preparing the condensed financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors in 2H2021.

4. Segment and revenue information

The Group was organised in three operating segments of Manufacturing, Trading and Franchising.

The Franchising segment revenue included sale of raw materials to franchisees, these revenues are mainly Trading related. Royalty revenue from the franchisees has not been material and sourcing of additional franchisees would no longer be the Group's focus. Instead, sale of raw materials to franchisees shall be the focus which is mainly Trading related. As such, it will no longer be meaningful to report Franchising segment as a separate segment.

In view of the above, the revenue and other information from the Franchising segment shall be merged into the Trading segment with effect from FY2021. The Franchising segment revenue and other information for FY2021 which are merged; and for FY2020 which are restated by merging into Trading segment are summarised below:

	FY2021 S\$'000	FY2020 S\$'000
Revenue	4,043	2,333
Gross profit	561	397
Total assets	1,971	940
Total liabilities	177	190

Subsequently, the Group is organised into two major operating segments as follows:

- (a) Manufacturing segments include the manufacturing of a range of lubricating oil and specialty chemicals for industrial, automotive and marine applications, as well as the provision of oil blending services and rental of cleaning equipment to its customers; and
- (b) Trading segment includes trading in base oil, lubricant components, commodity chemicals etc.

The segment information after merging Franchising segment information into Trading segment is disclosed in Notes 4.1 to 4.3 below.

4.1. Reportable segments

	Second half year ended							
	Manufacturing		Trading		Unallocated		Total	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Continuing operations								
Revenue by segment								
Total revenue by segment	13,544	14,776	15,377	15,178	-	-	28,921	29,954
Inter-segment sales	(407)	(279)	(550)	(558)	-	-	(957)	(837)
External revenue	13,137	14,497	14,827	14,620	-	-	27,964	29,117
Gross profit	2,481	3,015	1,855	1,340	-	-	4,336	4,355
Interest income					51	131	51	131
Other gains					961	527	961	527
Finance costs					(113)	(45)	(113)	(45)
Other losses					(45)	(83)	(45)	(83)
Unallocated expense					(4,186)	(3,951)	(4,186)	(3,951)
Share of results of joint ventures					20	186	20	186
Profit before tax							1,024	1,120
Income tax expense					20	(300)	20	(300)
Profit net of tax							1,044	820
Other material items and reconciliations								
Depreciation expense	151	219	165	288	584	326	900	833
Capital expenditure	217	2,711	137	156	218	95	572	2,962

	Financial year ended							
	Manufacturing		Trading		Unallocated		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing operations								
Revenue by segment								
Total revenue by segment	28,189	34,230	29,224	24,554	-	-	57,413	58,784
Inter-segment sales	(699)	(539)	(1,100)	(1,096)	-	-	(1,799)	(1,635)
External revenue	27,490	33,691	28,124	23,458	-	-	55,614	57,149
Gross profit	5,784	6,658	4,172	2,001	-	-	9,956	8,659
Interest income					115	363	115	363
Other gains					1,463	1,427	1,463	1,427
Finance costs					(231)	(98)	(231)	(98)
Other losses					(77)	(170)	(77)	(170)
Unallocated expense					(8,322)	(7,995)	(8,322)	(7,995)
Share of results of joint ventures					71	324	71	324
Profit before tax							2,975	2,510
Income tax expense					(234)	(357)	(234)	(357)
Profit net of tax							2,741	2,153
Other material items and reconciliations								
Depreciation expense	294	354	329	477	1,122	844	1,745	1,675
Capital expenditure	491	3,227	287	253	695	129	1,473	3,609

	Manufacturing		Trading		Unallocated		Total	
	As at		As at		As at		As at	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets and reconciliations								
Total assets for reportable segments	19,209	19,017	7,880	6,151	48,974	51,285	76,063	76,453
Liabilities and reconciliations								
Total liabilities for reportable segments	2,391	4,150	2,303	2,747	12,241	13,206	16,935	20,103

4.2. Disaggregation of revenue

	Second half year ended					
	Manufacturing		Trading		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Type of goods or services						
Sale of goods	12,278	13,590	14,781	14,610	27,059	28,200
Rendering of services	605	465	46	10	651	475
Rental revenue	254	442	-	-	254	442
Total revenue	13,137	14,497	14,827	14,620	27,964	29,117
Duration of contracts						
Short-term contracts	13,137	14,497	14,827	14,620	27,964	29,117
Total revenue	13,137	14,497	14,827	14,620	27,964	29,117
Timing of revenue recognition						
Point in time	12,883	14,055	14,827	14,620	27,710	28,675
Over time	254	442	-	-	254	442
Total revenue	13,137	14,497	14,827	14,620	27,964	29,117

	Financial year ended					
	Manufacturing		Trading		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Type of goods or services						
Sale of goods	25,199	31,430	28,069	23,441	53,268	54,871
Rendering of services	1,277	1,116	55	17	1,332	1,133
Rental revenue	1,014	1,145	-	-	1,014	1,145
Total revenue	27,490	33,691	28,124	23,458	55,614	57,149
Duration of contracts						
Short-term contracts	27,490	33,691	28,124	23,458	55,614	57,149
Total revenue	27,490	33,691	28,124	23,458	55,614	57,149
Timing of revenue recognition						
Point in time	26,476	32,546	28,124	23,458	54,600	56,004
Over time	1,014	1,145	-	-	1,014	1,145
Total revenue	27,490	33,691	28,124	23,458	55,614	57,149

Operating segment

Trading segment contributed 51% and 53% to the Group's revenue for 2H2021 and FY2021 respectively (2H2020: 41% and FY2020: 50%). Manufacturing segment contributed 49% and 47% to the Group's revenue for 2H2021 and FY2021 respectively (2H2020: 59% and FY2020: 50%).

4.3. Geographical information

The revenue is disaggregated into 5 principal geographical areas, namely Singapore, Southeast Asia (excluding Singapore), Middle East, Indian Subcontinent and other Region.

Revenue	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	18,974	13,778	36,879	31,498
Southeast Asia (excluding Singapore)	4,650	2,518	7,927	6,595
Middle East	592	7,280	1,560	10,252
Indian Subcontinent	960	1,585	3,043	2,775
Other Region	2,788	3,956	6,205	6,029
	27,964	29,117	55,614	57,149

The revenue for first half year ended 30 June 2021 and first half year ended 30 June 2020 by geography is presented below for comparability with the above table:

Revenue	First half year ended	
	30 Jun 2021	30 Jun 2020
	S\$'000	S\$'000
Singapore	17,905	17,720
Southeast Asia (excluding Singapore)	3,277	4,077
Middle East	968	2,972
Indian Subcontinent	2,083	1,190
Other Region	3,417	2,073
	27,650	28,032

Geographical segment

Group revenue from Singapore in 2H2021 increased from 47% to 68%; and remaining geographical regions contributed 53% to the Group's revenue. For FY2021, Group revenue from Singapore increased from 55% to 66%; and remaining geographical regions contributed 34% to the Group's revenue.

4.4. Information about major customers

In 2H2021, 1 customer contributed more than 10% of the Group's revenue (2H2020: 1 customer). Total sales to this customer was S\$3.8 million (2H2020: S\$4.0 million).

In FY2021, no customer contributed more than 10% of the Group's revenue (FY2020: 1 customer). Total sales to this customer for FY2020 was S\$9.4 million.

5. Significant related party transactions

The significant transactions entered between the Group and the related parties are as follows:

	Group			
	Second half year ended		Financial year ended	
	ended 31 Dec 2021 S\$'000	ended 31 Dec 2020 S\$'000	ended 31 Dec 2021 S\$'000	ended 31 Dec 2020 S\$'000
<u>Joint ventures</u> Sale of goods	2,655	703	3,517	1,280

6. Other notes

The notes to condensed consolidated statement of comprehensive income and condensed consolidated statements of financial position are disclosed on pages 4 to 6 and pages 8 to 9 respectively.

7. Subsequent events

There are no known subsequent events which would lead to adjustment to this set of condensed consolidated financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 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.**

There was no movement in the Company's share capital and no share options were issued from 1 July 2021 to 31 December 2021.

- 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 2021 and 31 December 2020.

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

Not applicable as the Company has no treasury shares.

- 1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company has no subsidiary holdings.

- 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 as the figures have not been audited or reviewed.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as there was no adverse opinion, qualified opinion or disclaimer opinion issued in the latest audited financial statements.

4. **Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and method of computation in the current period financial statements as the previous audited financial statements except as stated in paragraph 5 below.

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 Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and SFRS(I) Interpretations (“SFRS(I) INT”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2021. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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			
	Second half year ended		Financial year ended	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Singapore Cents	Singapore Cents	Singapore Cents	Singapore Cents
(i) Based on weighted average number of ordinary shares in issue	0.63	0.50	1.67	1.31
(ii) On a fully diluted basis of weighted average number of ordinary shares in issue	0.63	0.50	1.67	1.31

The total earnings per ordinary share was calculated based on the weighted average number of ordinary shares in issue of 164,531,172 as at 31 December 2021 and as at 31 December 2020.

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 Dec 2021 Singapore Cents	31 Dec 2020 Singapore Cents
Net asset value per ordinary share in issue:		
Group	35.94	34.25
Company	25.16	23.72

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 2021 and as at 31 December 2020.

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.**

Statement of Comprehensive Income

- (i) Revenue for 2H2021 and FY2021 decreased by 4% and 3% from 2H2020 and FY2020, respectively, due mainly to decrease in manufacturing revenue and lower US\$ translation to S\$ offset by higher trading revenue.
- (ii) Gross profit for FY2021 increased by 15% over FY2020 due mainly to increase in gross margin by 2.7 percentage points to 17.9% as a result of higher margin from trading revenue.
- (iii) Interest income for 2H2021 and FY2021 decreased by 61% and 68%, respectively, due to lower interest rate offered for bank fixed deposits.
- (iv) Other gains for 2H2021 and FY2021 increased by 82% and 3%, respectively, due mainly to fair value gain on other financial asset offset by lower job support scheme income and Nil dividend from Chongqing Zhongshen Financial Leasing joint venture in FY2021.
- (v) Distribution costs for 2H2021 and FY2021 decreased by 16% and 13%, respectively, due mainly to lower headcount and lower freight costs compared to 2H2020 and FY2020.
- (vi) Administrative expenses for 2H2021 and FY2021 increased by 14% and 10%, respectively, due mainly to accruals for incentive expense, higher depreciation and higher property tax.

- (vii) Other losses for 2H2021 and FY2021 decreased by 46% and 55%, respectively, due mainly to lower foreign exchange loss offset by allowance for impairment on trade receivables.
- (viii) Share of results of joint ventures for 2H2021 and FY2021 decreased by 89% and 78%, respectively, due mainly to lower contribution from associate, AP Saigon Petro JSC (“APSP”).
- (ix) Profit before tax (“PBT”) for 2H2021 was lower than 2H2020 due mainly to lower interest income, lower share of profit from associate APSP and accruals for incentive expense offset by higher other gains.

PBT for FY2021 was 19% higher than FY2020 due mainly to higher gross profit offset by lower interest income, lower share of profit from associate APSP and accruals for incentive expense.
- (x) Income tax expense for 2H2021 and FY2021 decreased by 107% and 34%, respectively, due mainly to utilisation of tax allowances offset by tax expense for 2021 PBT.
- (xi) Exchange difference arose mainly from the translation of assets and liabilities 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 period/year. The income and expenses were translated at the average rate of exchange for the financial period/year.

Statement of Financial Position

- (i) Other financial assets increased by S\$0.89 million due mainly to recognition of fair value gain in investment in Chongqing Zhongshen Financial Leasing Company Limited and higher key man life insurance policy value.
- (ii) Other assets, in non-current assets, decreased by S\$0.06 million due to partial receipts for the Vietnam Land prepayment made in prior years.
- (iii) Trade and other receivables increased by S\$1.07 million due mainly to increase in year end invoices to customers.
- (iv) Other assets, in current assets, increased by S\$0.4 million due to deposit paid for plant and equipment purchase.
- (v) Other reserve increased by S\$0.86 million due mainly to exchange difference arose from the translation of assets and liabilities 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 period/year
- (vi) Loan and borrowings decreased by S\$0.9 million due to repayment of bank loan.
- (vii) Lease liabilities decreased by S\$0.2 million due to repayment of lease liabilities.
- (viii) Trade and other payables decreased by S\$2.1 million due mainly to lower raw materials purchases at the year end.

Statement of Cash Flows

Cash flows from operating activities decreased by S\$4.1 million due to higher PBT offset by higher working capital for FY2021 compared to last year.

Cash flows used in investing activities increased by S\$0.86 million due to higher purchase of plant and equipment offset by lower refund of prepayment for Vietnam Land and lower interest / dividend income.

The cash flow used in financing activities was S\$0.66 million higher due to repayment of bank borrowing offset by lower dividend paid.

Cash and cash equivalent of the Group were at S\$32.8 million and S\$35.7 million as at 31 December 2021 and 31 December 2020, respectively.

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 from the previous disclosure of prospects statement.

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.

Global oil and raw material prices are expected to remain volatile in 2022 amidst the changing macroeconomic and geo-political settings as well as Covid-19 pandemic mutations and fallouts.

The current severe labour shortage in Singapore is affecting our production activities and we are unable to operate at the desired capacity to meet customer demands.

The Management will continue to seek out new business opportunities and strengthen existing market bases with the objective of enhancing profitability of the businesses of the Group during these extraordinary years.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

A final dividend has been proposed.

(b)(i) Amount per share (cents)

1 cent per ordinary share.

(ii) Previous corresponding period (cents)

A final dividend of 0.5 cent per ordinary share.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The proposed final dividend is 1-tier tax exempt dividend.

(d) The date the dividend is payable.

Subject to shareholders' approval at the upcoming annual general meeting ("AGM"), the proposed final dividend will be paid on 26 May 2022.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed on 12 May 2022 to determine the shareholders' entitlement to the proposed 2021 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 5.00pm on 11 May 2022 ("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 in turn will 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 and the reason(s) for the decision.

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.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the SGX-ST Listing Manual.

18. A breakdown of sales as follows:

	Group		
	2021 S\$'000	2020 S\$'000	% Change
Revenue for first half year	27,650	28,032	-1%
Profit after tax reported for first half year	1,697	1,333	27%
Revenue for second half year	27,964	29,117	-4%
Profit after tax reported for second half year	1,044	820	27%

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

	2021 S\$'000	2020 S\$'000
Ordinary*	1,645	823
Preference	-	-
Total:	1,645	823

** Includes proposed 2021 final dividend of 1 cent per ordinary share to be approved at AGM on 28 April 2022.*

20. **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.

On behalf of the Board of Directors

Ho Chee Hon
Group Chief Executive Officer
24 February 2022