

Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2016

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 2016 S\$'000	FY 2015 S\$'000	Change %	Note
<b>Revenue</b>	<b>79,140</b>	<b>85,657</b>	-8%	
Cost of sales	(66,098)	(72,077)	-8%	a
<b>Gross profit</b>	<b>13,042</b>	<b>13,580</b>	-4%	
Interest income	74	38	95%	
Other gains	577	758	-24%	b
Distribution costs	(2,772)	(3,515)	-21%	
Administrative expenses	(7,136)	(6,928)	3%	a
Finance costs	(5)	(1)	N.M.*	
Other losses	(237)	(341)	-30%	c
Share of results of equity-accounted joint ventures	247	384	-36%	
<b>Profit before tax from continuing operations</b>	<b>3,790</b>	<b>3,975</b>	-5%	
Income tax expense	(456)	(225)	103%	
<b>Profit net of tax</b>	<b>3,334</b>	<b>3,750</b>	-11%	
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Available-for-sale financial assets, net of tax	28	31	-10%	
Exchange differences on translation from functional currency to presentation currency	871	2,096	-58%	d
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	(44)	(52)	N.M.*	
<b>Other comprehensive income for the period, net of tax</b>	<b>855</b>	<b>2,075</b>		
<b>Total comprehensive income for the period</b>	<b>4,189</b>	<b>5,825</b>	-28%	
Profit attributable to owners of the company, net of tax	3,495	4,221	-17%	
Loss attributable to non-controlling interests, net of tax	(161)	(471)	66%	
<b>Profit net of tax</b>	<b>3,334</b>	<b>3,750</b>	-11%	
Total comprehensive income attributable to owners of the company	4,350	6,296	-31%	
Total comprehensive loss attributable to non-controlling interests, net of tax	(161)	(471)	66%	
<b>Total comprehensive income for the period</b>	<b>4,189</b>	<b>5,825</b>	-28%	

Note:

\*N.M. : Not meaningful.

## Notes to Statement of Comprehensive Income

	FY 2016 S\$'000	FY 2015 S\$'000
<b>a. Cost of sales</b>		
The total depreciation expenses charged are as follows:		
Cost of sales	(705)	(658)
Administrative expenses	(558)	(487)
	<u>(1,263)</u>	<u>(1,145)</u>
<b>b. Other gains</b>		
Bad debts recovered on trade receivables	2	-
Gain on disposal of plant and equipment	86	115
Gain on disposal of an associate	-	368
Government grant	209	133
Royalty income	41	-
Other Income	239	142
	<u>577</u>	<u>758</u>
<b>c. Other losses</b>		
Allowance for impairment on other receivables	-	(55)
Foreign exchange adjustments losses	(237)	(283)
Plant and equipment written-off	-	(1)
Other expenses	-	(2)
	<u>(237)</u>	<u>(341)</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		
	31-12-16	31-12-15	%	31-12-16	31-12-15	%
	S\$'000	S\$'000	Change	S\$'000	S\$'000	Change
<u>Non-current assets</u>						
Property, plant and equipment	5,503	4,259	29%	1,119	1,355	-17%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	19,372	16,867	15%
Investments in joint ventures	2,177	2,081	5%	228	223	2%
Deferred tax assets	54	35	54%	-	-	N.M.*
Other assets	676	661	2%	-	-	N.M.*
Other financial assets	887	848	5%	887	848	5%
Total non-current assets	9,706	8,293	17%	21,606	19,293	12%
<u>Current assets</u>						
Inventories	7,329	6,974	5%	-	-	N.M.*
Trade and other receivables	9,412	15,881	-41%	8,544	6,748	27%
Other assets	296	405	-27%	24	50	-52%
Cash and cash equivalents	38,278	31,215	23%	10,949	11,810	-7%
Total current assets	55,315	54,475	2%	19,517	18,608	5%
Total assets	65,021	62,768	4%	41,123	37,901	9%
<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	41,763	39,091	7%	23,770	21,745	9%
Other reserves	6,977	6,122	14%	1,180	405	N.M.*
Equity attributable to owners of the company	55,346	51,819	7%	31,556	28,756	10%
Non-controlling interests	(82)	79	N.M.*	-	-	N.M.*
Total equity	55,264	51,898	6%	31,556	28,756	10%
<u>Non-current liabilities</u>						
Deferred tax liabilities	257	271	-5%	87	63	38%
Finance leases	23	10	N.M.*	-	-	N.M.*
Total non-current liabilities	280	281	N.M.*	87	63	N.M.*
<u>Current liabilities</u>						
Income tax payable	672	397	69%	3	6	-50%
Trade and other payables	8,765	10,180	-14%	9,477	9,076	4%
Finance leases	40	12	N.M.*	-	-	N.M.*
Total current liabilities	9,477	10,589	-11%	9,480	9,082	4%
Total liabilities	9,757	10,870	-10%	9,567	9,145	5%
Total equity and liabilities	65,021	62,768	4%	41,123	37,901	9%

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)

31-12-16		31-12-15	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
40	-	12	-

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

31-12-16		31-12-15	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
23	-	10	-

**Details of any collaterals**

Secured borrowings as at 31 December 2016 and 31 December 2015 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.**

	<b>FY 2016 S\$'000</b>	<b>FY 2015 S\$'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	3,790	3,975
Adjustments for:		
Interest income	(74)	(38)
Interest expense	5	1
Insurance premium charged to profit or loss	8	14
Depreciation of property, plant and equipment	1,263	1,145
Share of results of equity-accounted joint ventures, net of tax	(247)	(384)
Gain on disposal of an associate	-	(368)
Gain on disposal of property, plant and equipment	(86)	(115)
Operating cash flows before changes in working capital	4,659	4,230
Inventories	(199)	(310)
Trade and other receivables	6,824	(4,002)
Other assets	117	88
Trade and other payables	(1,643)	1,210
Net cash flows from operations activities	9,758	1,216
Income tax paid	(214)	(570)
Net cash flows from operating activities	9,544	646
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(2,473)	(1,713)
Proceeds from disposal of property, plant and equipment	146	128
Acquisition of subsidiary (net of cash acquired)	-	1,545
Investment in joint-venture	-	(223)
Interest received	74	38
Disposal of associate	-	1,994
Dividends from joint-venture	140	138
Net cash flows (used in)/from investing activities	(2,113)	1,907
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(823)	(823)
Cash restricted in use	-	(554)
Repayment of bank borrowings	-	(3,115)
Repayment of finance leases	(19)	(11)
Interest paid	(5)	(1)
Net cash flows used in financing activities	(847)	(4,504)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,584</b>	<b>(1,951)</b>
Cash and cash equivalents, statement of cash flows, beginning balance	30,661	31,303
Net effect of exchange rate changes on cash and cash equivalents	479	1,309
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>37,724</b>	<b>30,661</b>
<b>Cash and cash equivalents comprise:</b>		
Not restricted in use	37,724	30,661
Cash pledged for bank facilities	554	554
Cash at end of the year	38,278	31,215

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 1.1.16	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
<b>Previous period:</b>						
Opening balance at 1.1.15	6,606	39,693	47	46,346	-	46,346
<b>Movements in equity:</b>						
Total comprehensive income/(loss) for the year	-	4,221	2,075	6,296	(471)	5,825
Acquisition of subsidiary	-	-	-	-	550	550
Dividends paid	-	(823)	-	(823)	-	(823)
Capitalisation of retained earnings by way of bonus issue of shares of a subsidiary	-	(4,000)	4,000	-	-	-
Closing balance at 31.12.15	6,606	39,091	6,122	51,819	79	51,898
	<b>Share capital</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Total equity</b>		
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		
<b>Company</b>						
<b>Current 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		
<b>Previous period:</b>						
Opening balance at 1.1.15	6,606	19,098	(1,343)	24,361		
<b>Movements in equity:</b>						
Total comprehensive income for the year	-	3,470	1,748	5,218		
Dividends paid	-	(823)	-	(823)		
Closing balance at 31.12.15	6,606	21,745	405	28,756		

**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 2016, 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 31.12.2016 and 31.12.2015.

**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	
	31-12-16	31-12-15
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (31.12.2015: 164,531,172 shares)	2.12	2.57
(ii) On a fully diluted basis of 164,531,172 ordinary shares (31.12.2015: 164,531,172 shares)	2.12	2.57

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 31.12.2016 and 31.12.2015.

**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**

	31-12-16	31-12-15
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.15 : 164,531,172)		
Group	33.64	31.49
Company	19.18	17.48

Note:

Net asset value per ordinary share was calculated based on the number of ordinary shares in issue of 164,531,172 as at 31.12.2016 and 31.12.2015.

**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 decreased by 8% to S\$79.1 million due mainly to lower franchising volume and lower selling prices during the year.
- (ii) Cost of sales decreased by 8% in line with the lower franchising volume and lower base oil prices.
- (iii) Gross profit margin increased by 0.6% to 16.5% due mainly to better profit contribution from trading revenue.
- (iv) The profit before tax and profit net of tax decreased by 5% and 11% to S\$3.8 million and S\$3.3 million, respectively.
- (v) Distribution costs decreased by 21% in line with the decrease in franchising volume and discontinued storage tank rental incurred by Heptalink.
- (vi) 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) Property, plant and equipment increased by S\$1.24 million due mainly to purchase of two office units in Shanghai by a subsidiary.
- (ii) Trade and other receivables decreased by S\$6.47 million due mainly to lower franchising revenue and collection of December 2015 revenue.
- (iii) Trade and other payables decreased by S\$1.42 million due mainly to higher inventory purchases in December 2015 paid in 2016.

### **Statement of Cash Flows**

Operational cash flows improved to S\$9.5 million mainly due to decrease in trade receivables from the lower franchising revenue and higher December 2015 revenue booking offset by higher trade and other payables.

### **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) The prolonged depression in the oil sector coupled with a weak global economy has resulted in a challenging business environment for the second half of 2016 spilling into 2017.
- (ii) The global political environment adds further uncertainty over oil prices.
- (iii) The Group has re-aligned its business strategies and taken cost improvement measures to address the challenges brought about by the economic slowdown.
- (iv) Management is making every effort conscientiously to bolster the overall 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 0.75 cents per ordinary share in respect of the financial year ended 31 December 2016 for approval by shareholders at the next Annual General Meeting ("AGM") to be held on 26 April 2017.

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

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

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

	<b>2015</b>	<b>2015 Final</b>	
<b>Name of Dividend</b>	<b>Interim Ordinary</b>	<b>Ordinary</b>	<b>2015</b>
	<b>Exempt-1-Tier</b>	<b>Exempt-1-Tier</b>	<b>Total</b>
Dividend Type	Cash	Cash	Cash
Dividend Amount (cents per share)	0.50	0.00	0.50

### (c) Date payable

The proposed final tax exempt 1-Tier dividend of 0.75 cents per ordinary share, if approved at the AGM to be held on 26 April 2017, will be paid on 25 May 2017.

### (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 2017 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 5 May 2017 (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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Continuing Operations</b>										
<b>Revenue by segment</b>										
Total revenue by segment	37,390	40,495	29,942	31,334	13,798	20,818	-	-	81,130	92,647
Inter-segment sales	(871)	(4,692)	(1,119)	(2,298)	-	-	-	-	(1,990)	(6,990)
External revenue	36,519	35,803	28,823	29,036	13,798	20,818	-	-	79,140	85,657
<b>Operating profit</b>	9,296	10,007	1,799	1,417	1,947	2,156	-	-	13,042	13,580
Interest income							74	38	74	38
Other gains							577	758	577	758
Finance costs							(5)	(1)	(5)	(1)
Other losses							(237)	(341)	(237)	(341)
Unallocated expense							(9,908)	(10,443)	(9,908)	(10,443)
Share of results of joint ventures							247	384	247	384
Profit before tax									3,790	3,975
Income tax expense									(456)	(225)
Profit from continuing operations									3,334	3,750
<b>Assets and reconciliations</b>										
Total assets for reportable segments	12,108	13,594	5,745	5,591	3,329	7,520	43,839	36,063	65,021	62,768
<b>Liabilities and reconciliations</b>										
Total liabilities for reportable segments	4,701	4,640	2,275	2,939	761	1,808	2,020	1,483	9,757	10,870
<b>Other material items and reconciliations</b>										
Depreciation expense	511	414	353	330	-	-	399	401	1,263	1,145
Capital expenditure	316	262	1,795	311	-	-	422	1,140	2,533	1,713

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

**Geographical Information**

Country	Revenue			Non-Current Asset		
	2016 S\$'000	2015 S\$'000	% Change	2016 S\$'000	2015 S\$'000	% Change
Singapore	43,506	39,480	10%	8,089	6,749	20%
Bangladesh	4,553	9,546	-52%	-	-	N.M.
China	1,097	1,060	3%	-	-	N.M.
Greece	1,496	1,825	-18%	-	-	N.M.
Hong Kong	1,396	903	55%	-	-	N.M.
Indonesia	2,272	2,501	-9%	-	-	N.M.
Malaysia	3,111	713	336%	-	-	N.M.
Myanmar	2,055	3,065	-33%	-	-	N.M.
Philippines	1,943	3,491	-44%	-	-	N.M.
Thailand	1,809	255	609%	-	-	N.M.
UAE	4,169	3,545	18%	-	-	N.M.
Vietnam	10,478	12,011	-13%	676	661	2%
Other countries	1,255	7,262	-83%	-	-	N.M.
<b>Total</b>	<b>79,140</b>	<b>85,657</b>		<b>8,765</b>	<b>7,410</b>	

**Information about major customers**

2 customers (FY 2015: 3 customers) contributed more than 10% each of the Group's total revenues. The total sale to these 2 customers (FY 2015: 3 customers) was approximately S\$28 million (FY 2015: S\$36 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 decreased by 8% to S\$79.1 million due mainly to lower franchising volume and lower selling prices during the year.

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

	Group		
	2016 \$'000	2015 \$'000	% Change
Revenue for first half year	38,256	39,045	-2%
Profit after tax before deducting minority interests reported for first half year	2,700	2,583	5%
Revenue for second half year	40,884	46,612	-12%
Profit after tax before deducting minority interests reported for second half year	634	1,167	-46%

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

	2016 \$'000	2015 \$'000
Ordinary**	2,057	823
Preference	-	-
Total:	2,057	823

*\*\* includes proposed final dividend of 0.75 cents to be approved at AGM on April 26, 2017*

**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  
23 February 2017