

Half-Year Financial Results Announcement for the Period Ended 30 June 2017

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

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	6 months ended 30-06-17 S\$'000	6 months ended 30-06-16 S\$'000	Change %	Note
<b>Revenue</b>	<b>44,318</b>	<b>38,256</b>	16%	
Cost of sales	(38,389)	(31,046)	24%	<b>a</b>
<b>Gross profit</b>	<b>5,929</b>	<b>7,210</b>	-18%	
Interest income	69	21	229%	
Other gains	458	496	-8%	<b>b</b>
Distribution costs	(1,375)	(1,487)	-8%	
Administrative expenses	(3,581)	(3,412)	5%	<b>a</b>
Finance costs	(7)	(1)	N.M.*	
Share of results of equity-accounted joint ventures	151	204	-26%	
<b>Profit before tax from continuing operations</b>	<b>1,644</b>	<b>3,031</b>	-46%	
Income tax expense	(161)	(331)	-51%	
<b>Profit net of tax</b>	<b>1,483</b>	<b>2,700</b>	-45%	
<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	12	13	-8%	
Exchange differences on translation from functional currency to presentation currency	(1,892)	(1,674)	13%	<b>c</b>
Share of other comprehensive (loss)/income from equity-accounted joint ventures, net of tax	(114)	130	-188%	
<b>Other comprehensive loss for the period, net of tax</b>	<b>(1,994)</b>	<b>(1,531)</b>		
<b>Total comprehensive (loss)/income for the period</b>	<b>(511)</b>	<b>1,169</b>	-144%	
Profit attributable to owners of the company, net of tax	1,490	2,796	-47%	
Loss attributable to non-controlling interests, net of tax	(7)	(96)	93%	
<b>Profit net of tax</b>	<b>1,483</b>	<b>2,700</b>	-45%	
Total comprehensive (loss)/income attributable to owners of the company	(504)	1,265	-140%	
Total comprehensive loss attributable to non-controlling interests, net of tax	(7)	(96)	93%	
<b>Total comprehensive (loss)/income for the period</b>	<b>(511)</b>	<b>1,169</b>	-144%	

Note:

\*N.M. : Not meaningful.

## Notes to Statement of Comprehensive Income

	6 months ended 30-06-17 S\$'000	6 months ended 30-06-16 S\$'000
<b>a. Depreciation</b>		
The total depreciation expenses charged are as follows:		
Cost of sales	(308)	(178)
Administrative expenses	(310)	(424)
	<u>(618)</u>	<u>(602)</u>
<b>b. Other gains</b>		
Bad debts recovered on trade receivables	5	-
Foreign exchange adjustments gains	206	216
Gain on disposal of plant and equipment	20	8
Government grant	114	116
Royalty income	-	41
Other Income	113	115
	<u>458</u>	<u>496</u>
<b>c. 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 period.		

**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		
	30-06-17	31-12-16	%	30-06-17	31-12-16	%
	S\$'000	S\$'000	Change	S\$'000	S\$'000	Change
<u>Non-current assets</u>						
Property, plant and equipment	5,000	5,503	-9%	942	1,119	-16%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	18,465	19,372	-5%
Investments in joint ventures	2,305	2,177	6%	527	228	131%
Deferred tax assets	51	54	-6%	-	-	N.M.*
Other assets	644	676	-5%	-	-	N.M.*
Other financial assets	5,878	887	563%	5,878	887	563%
Total non-current assets	14,287	9,706	47%	25,812	21,606	19%
<u>Current assets</u>						
Inventories	5,448	7,329	-26%	-	-	N.M.*
Trade and other receivables	10,826	9,412	15%	5,226	8,544	-39%
Other assets	625	296	111%	36	24	50%
Cash and cash equivalents	30,743	38,278	-20%	6,397	10,949	-42%
Total current assets	47,642	55,315	-14%	11,659	19,517	-40%
Total assets	61,929	65,021	-5%	37,471	41,123	-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	42,019	41,763	1%	22,412	23,770	-6%
Other reserves	4,983	6,977	-29%	(267)	1,180	-123%
Equity attributable to owners of the company	53,608	55,346	-3%	28,751	31,556	-9%
Non-controlling interests	(89)	(82)	N.M.*	-	-	N.M.*
Total equity	53,519	55,264	-3%	28,751	31,556	-9%
<u>Non-current liabilities</u>						
Deferred tax liabilities	253	257	-2%	83	87	-5%
Finance leases	8	23	N.M.*	-	-	N.M.*
Total non-current liabilities	261	280	N.M.*	83	87	N.M.*
<u>Current liabilities</u>						
Income tax payable	564	672	-16%	3	3	N.M.*
Trade and other payables	7,551	8,765	-14%	8,634	9,477	-9%
Finance leases	34	40	N.M.*	-	-	N.M.*
Total current liabilities	8,149	9,477	-14%	8,637	9,480	-9%
Total liabilities	8,410	9,757	-14%	8,720	9,567	-9%
Total equity and liabilities	61,929	65,021	-5%	37,471	41,123	-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)

30-06-17		31-12-16	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
34	-	40	-

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

30-06-17		31-12-16	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
8	-	23	-

**Details of any collaterals**

Secured borrowings as at 30 June 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 flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>6 months ended 30-06-17 S\$'000</b>	<b>6 months ended 30-06-16 S\$'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	1,644	3,031
Adjustments for:		
Interest income	(69)	(21)
Interest expense	7	1
Insurance premium charged to profit or loss	4	4
Depreciation of property, plant and equipment	618	602
Share of results of equity-accounted joint ventures, net of tax	(151)	(204)
Gain on disposal of an associate	-	-
Gain on disposal of property, plant and equipment	(20)	(8)
Operating cash flows before changes in working capital	2,033	3,405
Inventories	1,596	(372)
Trade and other receivables	(1,744)	4,453
Other assets	(341)	(134)
Trade and other payables	(879)	(2,181)
Net cash flows from operations activities	665	5,171
Income tax paid	(257)	(122)
Net cash flows from operating activities	408	5,049
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(238)	(509)
Proceeds from disposal of property, plant and equipment	35	13
Advance payment made for acquisition of property, plant and equipment	-	(1,365)
Investment in other financial assets	(5,179)	-
Interest received	69	21
Dividends from joint-venture	138	139
Net cash flows used in investing activities	(5,175)	(1,701)
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(1,234)	(823)
Cash restricted in use	-	24
Repayment of finance leases	(21)	(6)
Interest paid	(7)	(1)
Net cash flows used in financing activities	(1,262)	(806)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,029)</b>	<b>2,542</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	(1,481)	(864)
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>30,214</b>	<b>32,339</b>
<b>Cash and cash equivalents comprise:</b>		
Not restricted in use	30,214	32,339
Cash pledged for bank facilities	529	529
Cash at end of the year	30,743	32,868

**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	-	1,490	(1,994)	(504)	(7)	(511)
Dividends paid	-	(1,234)	-	(1,234)	-	(1,234)
Closing balance at 30.06.17	6,606	42,019	4,983	53,608	(89)	53,519
<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	-	2,796	(1,531)	1,265	(96)	1,169
Dividends paid	-	(823)	-	(823)	-	(823)
Closing balance at 30.06.16	6,606	41,064	4,591	52,261	(17)	52,244
	<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 1.1.17	6,606	23,770	1,180	31,556		
<b>Movements in equity:</b>						
Total comprehensive income for the year	-	(124)	(1,447)	(1,571)		
Dividends paid	-	(1,234)	-	(1,234)		
Closing balance at 30.06.17	6,606	22,412	(267)	28,751		
<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	-	(692)	(1,235)	(1,927)		
Dividends paid	-	(823)	-	(823)		
Closing balance at 30.06.16	6,606	20,230	(830)	26,006		

**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 30 June 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 30 June 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	
	30-06-17	30-06-16
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (31.12.2015: 164,531,172 shares)	0.91	1.70
(ii) On a fully diluted basis of 164,531,172 ordinary shares (31.12.2015: 164,531,172 shares)	0.91	1.70

Note:

The total earnings per ordinary share was calculated based on the number of ordinary shares in issue of 164,531,172 as at 30 June 2017 and 30 June 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**

	30-06-17	31-12-16
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.15 : 164,531,172)		
Group	32.58	33.64
Company	17.47	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 30 June 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.**

**Statement of comprehensive income**

- (i) Total revenue increased by 16% over the six months ended 2016 ("Last Year") to S\$44 million due mainly to increase in manufacturing and trading volume.
- (ii) Cost of sales increased by 24% over Last Year in line with the higher manufacturing volume and increase in raw material prices from April to June 2017.
- (iii) Gross profit margin decreased by 6 percentage points over Last Year to 13% due mainly to lower profit margin from a spike in raw material prices from April to June 2017.
- (iv) The profit before tax and net profit after tax decreased by 46% and 45% over Last Year to S\$1.6 million and S\$1.5 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 period. Item of income and expenses were translated at the average rate of exchange for the period.



### **Statement of Financial Position**

- (i) Other financial assets increased by \$5.0 million due mainly to the \$5.1 million contribution to subscribe for 12.5% of equity interest in Chongqing Zongshen Financial Leasing Company Limited (“Capital Contribution”).
- (ii) Inventories decreased by \$1.88 million due mainly to lower stock replenishment toward the end of first half of 2017 (“1H 2017”).
- (iii) Trade and other receivables increased by \$1.41 million due mainly to higher manufacturing and trading revenue over last year.
- (iv) Cash and cash equivalents decreased by \$7.54 million due mainly to the Capital Contribution and the final 2016 dividend paid in 1H 2017.
- (v) Other reserves decreased by \$1.99 million 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 in 1H 2017) to the presentation currency of Singapore dollar.
- (vi) Trade and other payables decreased by \$1.21 million due mainly to lower inventory purchase in June 2017 as compared to December 2016.

### **Statement of Cash Flows**

Net cash flow from operating activities reduced to \$0.4 million due mainly to increase in trade receivables from April to June 2017 period as compared to April to June 2016 period; 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) The prolonged depression in the oil sector and weaker global economy continued into the first half of 2017.
- (ii) Given the current global political and economic environment, the first 7 months of financial year 2017 has seen great volatility in crude oil prices, which presented challenging conditions in managing our raw material costs and finished good selling prices. The prolonged downturn in the shipping industry impacting marine lubricant margin in 1H 2017 may continue to the end of 2017. However, we are mindful of managing the bottom-line.
- (iii) We are making conscientious effort in new business development to bolster the overall performance of the Group in financial year 2017.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

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

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

No.

### **(c) Date payable**

Not applicable.

### **(d) Books closure date**

Not applicable.

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

No interim dividend has been proposed.

## **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.**

Not applicable.

## **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\$44 million due mainly to increase in manufacturing and trading volume.

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

Not applicable.

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

Not applicable.

**19. Confirmation of the Board pursuant to Rule 705(5) of the listing manual.**

On behalf of the Board of Directors, I hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Ho Chee Hon  
Group CEO  
10 August 2017