



AP OIL INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Registration No.: 197502257M)

Condensed Interim Consolidated Financial Statements

For First Half Year Ended 30 June 2022

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Change %
		First half year ended 30 Jun 2022 S\$'000	30 Jun 2021 S\$'000	
Revenue	#	31,129	27,650	13%
Cost of sales	1, 3	(26,444)	(22,030)	20%
Gross profit		4,685	5,620	-17%
Interest income	#	60	64	-6%
Other gains	2	233	502	-54%
Distribution costs	3	(762)	(923)	-17%
Administrative expenses	1, 3	(3,141)	(3,213)	-2%
Finance costs	4	(95)	(118)	-19%
Other losses	5	(3)	(32)	-91%
Share of results of equity-accounted joint ventures	#	189	51	271%
Profit before tax		1,166	1,951	-40%
Income tax expense	6	(130)	(254)	-49%
Profit after tax		1,036	1,697	-39%
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation from functional currency to presentation currency	7	1,472	695	112%
Share of other comprehensive loss from equity-accounted joint ventures, net of tax	7	(78)	(37)	111%
Other comprehensive income for the period, net of tax		1,394	658	112%
Total comprehensive income for the period		2,430	2,355	3%
Earnings per share		Singapore Cents	Singapore Cents	
Basic and diluted		0.63	1.03	-39%

Note:

: Refer to pages 17 and 18 for notes.

Notes to the Condensed Interim Consolidated Statement of Comprehensive Income

1. Depreciation

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Total depreciation charged are as follows:		
Property, plant and equipment	(681)	(642)
Right-of-use assets	(234)	(203)
	<u>(915)</u>	<u>(845)</u>
Allocation of depreciation expense:		
Cost of sales	(551)	(535)
Administrative expenses	(364)	(310)
	<u>(915)</u>	<u>(845)</u>

2. Other gains

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Foreign exchange adjustments gain	99	132
Gain on disposal of plant and equipment	6	96
Government grants	52	244
Interest income from insurance policy	22	21
Royalty and licensing fee income	53	-
Other income	1	9
	<u>233</u>	<u>502</u>

3. Employee benefits expense

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Total employee benefits expense charged are as follows:		
Cost of sales	(888)	(909)
Distribution costs	(420)	(489)
Administrative expenses	(1,971)	(2,016)
	<u>(3,279)</u>	<u>(3,414)</u>

Notes to the Condensed Interim Consolidated Statement of Comprehensive Income

4. Finance costs

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Interest expense	(95)	(118)
	<u>(95)</u>	<u>(118)</u>

5. Other losses

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Allowance for impairment on trade receivables	(3)	(32)
	<u>(3)</u>	<u>(32)</u>

6. Taxation

	Group First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
Current tax expense	(88)	(150)
Deferred tax expense	(38)	(104)
Withholding tax expense	(4)	-
	<u>(130)</u>	<u>(254)</u>

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. Deferred tax expense relates to origination and reversal of temporary differences. Withholding tax paid for licensing fee from associated company, AP Saigon Petro JSC ("APSP").

7. Exchange differences

Exchange differences arose mainly from the translation of assets and liabilities in the Group with US dollar, Vietnam Dong and Renminbi functional currency to the presentation currency (i.e. Singapore Dollar) at the exchange rate at the end of the financial period.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group			Company		
		30 Jun 2022 S\$'000	31 Dec 2021 S\$'000	% Change	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000	% Change
ASSETS							
<u>Non-current assets</u>							
Property, plant and equipment	1	12,686	12,775	-1%	497	515	-3%
Right-of-use assets		5,128	5,300	-3%	1,272	1,263	1%
Goodwill	2	409	409	0%	-	-	0%
Investments in subsidiaries		-	-	0%	18,337	17,736	3%
Investments in joint ventures	#	2,679	2,509	7%	533	516	3%
Deferred tax assets	#	50	36	39%	-	-	0%
Other financial assets	3	6,864	6,619	4%	6,864	6,619	4%
Other assets	#	75	140	-46%	-	-	0%
Total non-current assets		27,891	27,788	0%	27,503	26,649	3%
<u>Current assets</u>							
Inventories	#	12,263	8,567	43%	-	-	0%
Trade and other receivables		5,990	6,046	-1%	16,090	13,929	16%
Other assets	#	1,315	887	48%	15	19	-21%
Cash and cash equivalents	#	26,123	32,775	-20%	4,139	4,420	-6%
Total current assets		45,691	48,275	-5%	20,244	18,368	10%
Total assets		73,582	76,063	-3%	47,747	45,017	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		47,814	48,423	-1%	37,330	35,812	4%
Other reserves	#	5,493	4,099	34%	421	(1,025)	141%
Total equity		59,913	59,128	1%	44,357	41,393	7%
<u>Non-current liabilities</u>							
Deferred tax liabilities	#	698	646	8%	-	-	0%
Loan and borrowing	4	-	4,210	-100%	-	-	0%
Lease liabilities		4,915	5,077	-3%	1,245	1,272	-2%
Total non-current liabilities		5,613	9,933	-43%	1,245	1,272	-2%
<u>Current liabilities</u>							
Income tax payable	#	216	237	-9%	-	-	0%
Loan and borrowing	4	864	1,114	-22%	-	-	0%
Lease liabilities		415	410	1%	54	53	2%
Trade and other payables	#	6,561	5,241	25%	2,091	2,299	-9%
Total current liabilities		8,056	7,002	15%	2,145	2,352	-9%
Total liabilities		13,669	16,935	-19%	3,390	3,624	-6%
Total equity and liabilities		73,582	76,063	-3%	47,747	45,017	6%
		Singapore Cents	Singapore Cents		Singapore Cents	Singapore Cents	
Net asset value per share		36.41	35.94	1%	26.96	25.16	7%

Note:

: Refer to page 18 for notes.

Notes to the Condensed Interim Statements of Financial Position

1. Property, plant and equipment

The assets acquired by the Group for the first half year ended 30 June 2022 ("1H2022") and the first half year ended 30 June 2021 ("1H2021") were S\$291,000 and S\$901,000, respectively.

During 1H2022, the Group disposed assets with net book value amounting to S\$5,000 (1H2021: NIL).

2. Goodwill

	Group	
	30 Jun 2022 S\$'000	31 Dec 2021 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	
	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000
At amortised cost:		
- Key man life insurance policy	1,004	954
At fair value through profit or loss:		
- Investment in equity interest of unquoted entity	5,860	5,665
	<u>6,864</u>	<u>6,619</u>

Net asset approach and market approach are used to determine the fair value of the investment in equity interest of unquoted entity. The fair value of this investment 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 Interim Statements of Financial Position

4. Loan and borrowing

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

Group			
30 Jun 2022		31 Dec 2021	
Secured	Unsecured	Secured	Unsecured
864	-	1,114	-

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

Group			
30 Jun 2022		31 Dec 2021	
Secured	Unsecured	Secured	Unsecured
-	-	4,210	-

Details of any collaterals

Secured borrowing of S\$864,000 as at 30 June 2022 (S\$5,324,000 as at 31 December 2021) relates to a bank loan secured by a mortgage of the leasehold property located at 18 Pioneer Sector 1, Singapore 628428.

C. CONDENSED INTERIM 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 2022	6,606	48,423	4,099	59,128
Changes in equity				
Total comprehensive income for the period	-	1,036	1,394	2,430
Dividend paid	-	(1,645)	-	(1,645)
Closing balance at 30 Jun 2022	6,606	47,814	5,493	59,913
Previous period				
Opening balance at 1 Jan 2021	6,606	46,505	3,239	56,350
Changes in equity				
Total comprehensive income for the period	-	1,697	658	2,355
Dividend paid	-	(823)	-	(823)
Closing balance at 30 Jun 2021	6,606	47,379	3,897	57,882

	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Total equity S\$'000
Company				
Current period:				
Opening balance at 1 Jan 2022	6,606	35,812	(1,025)	41,393
Changes in equity				
Total comprehensive income for the period	-	3,163	1,446	4,609
Dividend paid	-	(1,645)	-	(1,645)
Closing balance at 30 Jun 2022	6,606	37,330	421	44,357
Previous period				
Opening balance at 1 Jan 2021	6,606	34,185	(1,767)	39,024
Changes in equity				
Total comprehensive income for the period	-	2,088	619	2,707
Dividend paid	-	(823)	-	(823)
Closing balance at 30 Jun 2021	6,606	35,450	(1,148)	40,908

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	1,166	1,951
Adjustments for:		
Interest income	(60)	(64)
Interest expense	95	118
Interest income from insurance policy	(22)	(21)
Insurance premium charged to profit or loss	4	3
Depreciation of property, plant and equipment	681	642
Depreciation of right-of-use assets	234	203
Share of results of equity-accounted joint ventures, net of tax	(189)	(51)
Gain on disposal of plant and equipment	(6)	(96)
Operating cash flows before changes in working capital	1,903	2,685
Inventories	(3,406)	(4,616)
Trade and other receivables	261	459
Other assets	(398)	(171)
Trade and other payables	1,143	2,076
Net cash flows (used in) / from operations	(497)	433
Income tax paid	(114)	(146)
Net cash flows (used in) / generated from operating activities	(611)	287
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	(261)	(901)
Proceeds from disposal of plant and equipment	11	97
Refund of prepayment for purchase of land	67	58
Interest received	60	64
Net cash flows used in investing activities	(123)	(682)
<u>Cash flows from financing activities</u>		
Dividend paid	(1,645)	(823)
Repayment of bank borrowing	(4,460)	(420)
Repayment of lease liabilities	(206)	(177)
Interest paid	(95)	(118)
Net cash flows used in financing activities	(6,406)	(1,538)
Net decrease in cash and cash equivalents	(7,140)	(1,933)
Cash and cash equivalents, statement of cash flows, beginning balance	32,775	35,735
Net effect of exchange rate changes on cash and cash equivalents	488	388
Cash and cash equivalents, statement of cash flows, ending balance	26,123	34,190

E. NOTES TO THE CONDENSED INTERIM 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 interim consolidated financial statements for the 1H2022 comprise the Company and its subsidiaries (collectively, the Group). The Company is an investment holding company.

The principal activities and operating segments of the Group are as follows:

- (a) Manufacturing segment, which includes 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 ("Manufacturing segment"); and
- (b) Trading segment, which includes trading in base oil, lubricant components, commodity chemicals etc. ("Trading segment").

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

2. Basis of Preparation

The condensed interim financial statements for 1H2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 31 December 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 interim financial statements are presented in Singapore dollar as these 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

The adoption of new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and interpretations to SFRS(I) effective for the current reporting period, have no material impact on the financial statements of the Group.

2.2. Use of judgements and estimates

In preparing the condensed interim 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 2021.

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 business was not affected significantly by seasonal or cyclical factors in 1H2022.

4. Segment and revenue information

The Group is organised into Manufacturing segment and Trading segment. The business activities of these segments are disclosed in Note 1 above.

4.1. Reportable segments

	First half year ended							
	Manufacturing		Trading		Unallocated		Total	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	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	19,094	14,645	13,033	13,847	-	-	32,127	28,492
Inter-segment sales	(400)	(292)	(598)	(550)	-	-	(998)	(842)
External revenue	18,694	14,353	12,435	13,297	-	-	31,129	27,650
Gross profit	3,552	3,303	1,133	2,317	-	-	4,685	5,620
Interest income					60	64	60	64
Other gains					233	502	233	502
Finance costs					(95)	(118)	(95)	(118)
Other losses					(3)	(32)	(3)	(32)
Unallocated expense					(3,903)	(4,136)	(3,903)	(4,136)
Share of results of joint ventures					189	51	189	51
Profit before tax							1,166	1,951
Income tax expense					(130)	(254)	(130)	(254)
Profit net of tax							1,036	1,697
Other material items and reconciliations								
Depreciation expense	283	263	36	36	596	546	915	845
Capital expenditure	269	424	-	-	41	477	310	901

	Manufacturing		Trading		Unallocated		Total	
	As at		As at		As at		As at	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets and reconciliations								
Total assets for reportable segments	24,072	20,492	6,521	9,540	42,989	49,785	73,582	79,817
Liabilities and reconciliations								
Total liabilities for reportable segments	3,937	5,100	2,260	3,952	7,472	12,883	13,669	21,935

4.2. Disaggregation of revenue

	First half year ended					
	Manufacturing		Trading		Total	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Type of goods or services</u>						
Sale of goods	17,113	12,921	12,417	13,288	29,530	26,209
Rendering of services	788	672	18	9	806	681
Rental revenue	793	760	-	-	793	760
Total revenue	18,694	14,353	12,435	13,297	31,129	27,650
<u>Duration of contracts</u>						
Short-term contracts	18,694	14,353	12,435	13,297	31,129	27,650
Total revenue	18,694	14,353	12,435	13,297	31,129	27,650
<u>Timing of revenue recognition</u>						
Point in time	17,901	13,593	12,435	13,297	30,336	26,890
Over time	793	760	-	-	793	760
Total revenue	18,694	14,353	12,435	13,297	31,129	27,650

Operating segment

Trading segment contributed 40% to the Group's revenue for 1H2022 (1H2021: 48%).
Manufacturing segment contributed 60% to the Group's revenue for 1H2022 (1H2021: 52%).

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.

	First half year ended			
	30 Jun 2022		30 Jun 2021	
	S\$'000	% of total	S\$'000	% of total
Singapore	21,610	69%	17,905	65%
Southeast Asia (excluding Singapore)	5,537	18%	3,277	12%
Middle East	627	2%	968	4%
Indian Subcontinent	527	2%	2,083	7%
Other Region	2,828	9%	3,417	12%
	<u>31,129</u>	100%	<u>27,650</u>	100%

Geographical segment

Group revenue from Singapore in 1H2022 increased by 4 percentage points to 69%; and the other geographical regions contributed 31% to the Group's revenue.

4.4. Information about major customers

In 1H2022, 2 customers each contributed more than 10% of the Group's revenue (1H2021: 1 customer). Total sales to these customers were S\$8.6 million (1H2021: S\$3.2 million).

5. Significant related party transactions

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

	Group	
	First half year ended	
	30 Jun 2022	30 Jun 2021
	S\$'000	S\$'000
<u>Joint Ventures</u>		
Sale of goods	3,044	862

Sales of goods to joint ventures increased by \$2.2 million due mainly to higher raw materials sales to APSP.

6. Other notes

The notes to condensed interim consolidated statement of comprehensive income and condensed interim consolidated statements of financial position are disclosed on pages 4 to 5 and pages 7 to 8 respectively.

7. Subsequent events

On 1 July 2022, the Group sent a notice to fully repay the bank borrowing and the leasehold property mortgage to be discharged.

There are no known subsequent events which would lead to adjustment to this set of condensed interim 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 January 2022 to 30 June 2022.

- 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 2022 and 31 December 2021.

- 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 2022. 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	
	First half year ended 30 Jun 2022 Singapore Cents	30 Jun 2021 Singapore Cents
(i) Based on weighted average number of ordinary shares in issue	0.63	1.03
(ii) On a fully diluted basis of weighted average number of ordinary shares in issue	0.63	1.03

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 30 June 2022 and as at 30 June 2021.

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 Jun 2022 Singapore Cents	31 Dec 2021 Singapore Cents
Net asset value per ordinary share:		
Group	36.41	35.94
Company	26.96	25.16

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 2022 and as at 31 December 2021.

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 1H2022 rose by 13% from 1H2021 due mainly to increase in manufacturing activities offset by lower trading income.
- (ii) Gross profit declined by 17% from 1H2021 due to gross margin decreased by 5.2 percentage points to 15.1%, mainly from lower margin of trading income, due to opportunistic higher selling price in 1H2021.
- (iii) Interest income reduced by 6% as lower interest rate offered for bank fixed deposits.
- (iv) Other gains decreased by 54% as job support scheme ceased and due to lower gain on disposal of plant and equipment.
- (v) Distribution costs fell by 17% because of lower freight and employee costs incurred.
- (vi) Administrative expenses decreased by 2% arising from lower employee costs and accrual for incentive expense.
- (vii) Finance costs reduced by 19% because of repayment of bank borrowing.
- (viii) Other losses decreased by 91% due mainly to lower allowance for impairment on trade receivables.
- (ix) Share of results of joint ventures increased by 271% arising from higher profit contribution from APSP.
- (x) Profit before tax ("PBT") reduced because of lower gross profit and other gains offset by lesser freight costs incurred and higher profit contribution from APSP.

- (xi) Income tax expense reduced by 49% due mainly to lower 1H2022 PBT and utilisation of tax allowances.
- (xii) 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. The income and expenses were translated at the average rate of exchange for the financial period.

Statement of Financial Position

- (i) Investment in joint ventures increased by S\$0.17 million due mainly to profit contribution from APSP in 1H2022.
- (ii) Deferred tax assets increased mainly from recognition of deferred tax credit in relation to unutilised tax losses.
- (iii) Other assets, in non-current assets is lower than last year by S\$ 0.07 million due to partial receipts for the Vietnam Land prepayment made in prior years.
- (iv) Inventories increased by S\$3.70 million as a result of higher raw materials purchases.
- (v) Other assets, in current assets is higher than last year by S\$0.40 million due to deposit paid for plant and equipment purchase.
- (vi) Cash and cash equivalents decreased by S\$6.65 million due mainly to repayment of bank borrowing, dividend payment and higher working capital.
- (vii) Other reserves increased by S\$1.39 million due to exchange difference arising 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.
- (viii) Deferred tax liabilities increased due mainly to increase in temporary difference between tax value and net book value of the Group's property, plant and equipment.
- (ix) Loan and borrowing reduced by S\$4.46 million after repayment of bank borrowing.
- (x) Income tax payable fell due to lower current tax provision in line with lower 1H2022 PBT.
- (xi) Trade and other payables increased by S\$1.32 million because of higher raw materials purchases.

Statement of Cash Flows

- (i) Cash flows from operating activities declined by S\$0.90 million due to lower PBT and higher working capital for 1H2022.
- (ii) Cash flows used in investing activities decreased by S\$0.56 million due to lower purchase of plant and equipment.
- (iii) Cash flows used in financing activities was S\$4.87 million higher than last year mainly due to higher repayment of bank borrowing and higher dividend payout.
- (iv) Cash and cash equivalents of the Group were at S\$26.12 million and S\$34.19 million as at 30 June 2022 and 30 June 2021, respectively. The decrease of S\$8.07 million was due mainly to lower PBT, higher repayment of bank borrowing and higher working capital.

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.**

Amidst broad-based global inflation, raw material prices across all categories have risen and eroded profit margins. In view of the current macroeconomic climate, we expect these conditions to persist.

The Group has served notice to the bank to fully repay the outstanding building loan in cash to reduce financing expenses going forward.

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

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

No.

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

Nil.

- (ii) **Previous corresponding period (cents)**

Nil.

- (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).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (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.**

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No interim dividend has been recommended pending the full year results to determine the net increase / decrease in cash equivalents.

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. Negative confirmation pursuant to Rule 705(5).

Please refer to the confirmation by the Board pursuant to Rule 705(5) of the Main Board Listing Manual in page 21.

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.

Confirmation by the Board pursuant to Rule 705(5) of the Main Board Listing Manual

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ho Chee Hon
Group Chief Executive Officer
12 August 2022