

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

Half-Year Financial Results Announcement for the Period Ended 30 June 2020

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.

Statement of Comprehensive Income

	6 months ended 30-06-20 S\$'000	6 months ended 30-06-19 S\$'000	Change %	Note
Revenue	28,032	29,655	-5%	
Cost of sales	(23,728)	(24,478)	3%	a
Gross profit	4,304	5,177	-17%	
Interest income	232	307	-24%	
Other gains	900	275	227%	b
Distribution costs	(1,030)	(1,229)	16%	
Administrative expenses	(3,014)	(3,356)	10%	a
Finance costs	(53)	-	N.M.*	c
Other losses	(87)	-	N.M.*	d
Share of results of equity-accounted joint ventures	138	110	25%	
Profit before tax from continuing operations	1,390	1,284	8%	
Income tax expense	(57)	(196)	71%	
Profit net of tax	1,333	1,088	23%	
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation from functional currency to presentation currency	1,674	(307)	N.M.*	e
Share of other comprehensive income from equity - accounted joint ventures, net of tax	68	36	89%	
Other comprehensive income/(loss) for the period, net of tax	1,742	(271)	N.M.*	
Total comprehensive income for the period	3,075	817	276%	
Profit attributable to owners of the Company, net of tax	1,333	1,087	23%	
Profit attributable to non-controlling interests, net of tax	-	1	-100%	
Profit net of tax	1,333	1,088	23%	
Total comprehensive income attributable to owners of the Company	3,075	816	277%	
Total comprehensive income attributable to non-controlling interests, net of tax	-	1	-100%	
Total comprehensive income for the period	3,075	817	276%	

Note:

*N.M. : Not meaningful.

Notes to Statement of Comprehensive Income

	6 months ended 30-06-20 S\$'000	6 months ended 30-06-19 S\$'000
a. Depreciation		
The total depreciation expenses charged are as follows:		
Cost of sales ^(#1)	(534)	(421)
Administrative expenses ^(#2)	(308)	(284)
	<u>(842)</u>	<u>(705)</u>
b. Other gains		
Foreign exchange adjustments gains	269	24
Gain on disposal of plant and equipment	4	16
Government grant	562	63
Royalty income	-	16
Other income	65	156
	<u>900</u>	<u>275</u>
c. Finance costs		
Interest expense on bank loan	(53)	-
	<u>(53)</u>	<u>-</u>
d. Other losses		
Allowance for impairment on trade receivables	(83)	-
Plant and equipment written-off	(1)	-
Other expenses	(3)	-
	<u>(87)</u>	<u>-</u>
e. Exchange differences		
Exchange differences arose mainly from the translation of financial 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.		

(#1) Included depreciation of right-of-use assets of S\$174,000 (June 2019: S\$174,000).

(#2) Included depreciation of right-of-use assets of S\$47,000 (June 2019: Nil).

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		
	30-06-20 S\$'000	31-12-19 S\$'000	% Change	30-06-20 S\$'000	31-12-19 S\$'000	% Change
<u>Non-current assets</u>						
Property, plant and equipment	13,149	12,707	3%	364	379	-4%
Right-of-use assets	3,443	3,610	-5%	1,413	1,393	1%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	18,750	18,052	4%
Investments in joint ventures	2,522	2,383	6%	535	515	4%
Deferred tax assets	45	45	N.M.*	-	-	N.M.*
Other assets	417	630	-34%	-	-	N.M.*
Other financial assets	6,048	5,807	4%	6,048	5,807	4%
Total non-current assets	26,033	25,591	2%	27,110	26,146	4%
<u>Current assets</u>						
Inventories	7,326	7,927	-8%	-	-	N.M.*
Trade and other receivables	7,814	8,038	-3%	8,343	2,335	257%
Other assets	455	347	31%	26	17	53%
Cash and cash equivalents	34,341	33,621	2%	9,643	15,084	-36%
Total current assets	49,936	49,933	N.M.*	18,012	17,436	3%
Total assets	75,969	75,524	1%	45,122	43,582	4%
<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	45,685	45,586	N.M.*	33,025	34,410	-4%
Other reserves	5,614	3,872	45%	464	(1,079)	143%
Total equity	57,905	56,064	3%	40,095	39,937	N.M.*
<u>Non-current liabilities</u>						
Deferred tax liabilities	246	244	1%	55	54	2%
Loans and borrowings	5,176	5,140	1%	-	-	N.M.*
Lease liabilities	3,069	3,278	-6%	1,351	1,377	-2%
Total non-current liabilities	8,491	8,662	-2%	1,406	1,431	-2%
<u>Current liabilities</u>						
Income tax payable	385	371	4%	10	-	N.M.*
Loans and borrowings	1,019	1,009	1%	-	-	N.M.*
Lease liabilities	409	400	2%	51	50	2%
Trade and other payables	7,760	9,018	-14%	3,560	2,164	65%
Total current liabilities	9,573	10,798	-11%	3,621	2,214	64%
Total liabilities	18,064	19,460	-7%	5,027	3,645	38%
Total equity and liabilities	75,969	75,524	1%	45,122	43,582	4%

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)

30-06-20		31-12-19	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
1,019	-	1,009	-

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

30-06-20		31-12-19	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
5,176	-	5,140	-

Details of any collaterals

Secured borrowings of S\$6.2 million as at 30 June 2020 (S\$6.1 million as at 31 December 2019) relate to bank loan secured by a mortgage of the JTC lease at 18 Pioneer Sector I.

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.

	6 months ended 30-06-20 S\$'000	6 months ended 30-06-19 S\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	1,390	1,284
Adjustments for:		
Interest income	(232)	(307)
Interest expense	53	-
Insurance premium reversed/(charged) to profit or loss	4	(95)
Interest income from insurance policy	(21)	-
Depreciation of property, plant and equipment	621	531
Depreciation of right-of-use assets	221	174
Share of results of equity-accounted joint ventures, net of tax	(138)	(110)
Property, plant and equipment written off	(1)	-
Gain on disposal of property, plant and equipment	(4)	(16)
Operating cash flows before changes in working capital	<u>1,893</u>	<u>1,461</u>
Inventories	907	(4,203)
Trade and other receivables	535	1,221
Other assets	(95)	(385)
Trade and other payables	<u>(2,840)</u>	<u>(228)</u>
Net cash flows from operations	400	(2,134)
Income tax paid	<u>(48)</u>	<u>(212)</u>
Net cash flows generated from/(used in) operating activities	<u>352</u>	<u>(2,346)</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(647)	(4,720)
Proceeds from disposal of property, plant and equipment	7	-
Proceeds from prepayment for purchase of land	237	-
Interest received	232	307
Dividend from joint-venture	-	105
Net cash flows used in investing activities	<u>(171)</u>	<u>(4,308)</u>
<u>Cash flows from financing activities</u>		
Dividend paid	-	(823)
Proceeds from loan and borrowing	133	3,066
Repayment of bank borrowings	(81)	-
Repayment of lease liabilities	(200)	-
Repayment of finance leases	-	(137)
Interest paid on bank loan	(53)	-
Net cash flows (used in)/generated from financing activities	<u>(201)</u>	<u>2,106</u>
Net decrease in cash and cash equivalents	(20)	(4,548)
Cash and cash equivalents, statement of cash flows, beginning balance	33,621	34,535
Net effect of exchange rate changes on cash and cash equivalents	740	(37)
Cash and cash equivalents, statement of cash flows, ending balance	<u>34,341</u>	<u>29,950</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Attributable to owners of the company</u>				Non-controlling interests	Total equity
	Share capital	Retained earnings	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Current period						
Opening balance at 1.1.20	6,606	45,586	3,872	56,064	-	56,064
Changes in equity						
Total comprehensive income for the period	-	1,333	1,742	3,075	-	3,075
Dividend payable	-	(1,234)	-	(1,234)	-	(1,234)
Closing balance at 30.6.20	6,606	45,685	5,614	57,905	-	57,905
Previous period						
Opening balance at 1.1.19 as previously reported	6,606	44,061	4,526	55,193	(29)	55,164
Changes in equity						
Total comprehensive income for the period	-	1,087	(271)	816	1	817
Dividend paid	-	(823)	-	(823)	-	(823)
Closing balance at 30.6.19	6,606	44,325	4,255	55,186	(28)	55,158
	Share capital	Retained earnings	Other reserves	Total equity		
	S\$'000	S\$'000	S\$'000	S\$'000		
Company						
Current period:						
Opening balance at 1.1.20	6,606	34,410	(1,079)	39,937		
Changes in equity						
Total comprehensive loss for the period	-	(151)	1,543	1,392		
Dividend payable	-	(1,234)	-	(1,234)		
Closing balance at 30.6.20	6,606	33,025	464	40,095		
Previous period						
Opening balance at 1.1.19 as previously reported	6,606	33,696	(587)	39,715		
Changes in equity						
Total comprehensive income for the period	-	798	(271)	527		
Dividend paid	-	(823)	-	(823)		
Closing balance at 30.6.19	6,606	33,671	(858)	39,419		

As at 30 June 2020, there was no movement in the Company's share capital and no share options were issued.

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 2020, 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 2020 and 31 December 2019.

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 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.

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	
	30-06-20	30-06-19
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (30.06.2019: 164,531,172 shares)	0.81	0.66
(ii) On a fully diluted basis of 164,531,172 ordinary shares (30.06.2019: 164,531,172 shares)	0.81	0.66

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 2020 and as at 30 June 2019.

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

	30-06-20	31-12-19
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.2019 : 164,531,172)		
Group	35.19	34.08
Company	24.37	24.27

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 2020 and as at 31 December 2019.

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 decreased by 5% to S\$28 million over period ended 30 June 2019 due mainly to decrease in trading revenue offset by higher manufacturing revenue.
- (ii) Gross profit decreased by 17% due to decrease in gross margin by 2 percentage points to 15.4% as a result of the lower margin for manufacturing revenue.
- (iii) Interest income decreased by 24% due to lower interest rate offered for bank fixed deposits.
- (iv) Other gains of S\$0.9 million included the Job Support Scheme payout of S\$0.5 million.
- (v) Distribution costs decreased by 16% due to the lower trading activity.
- (vi) Share of results of equity-accounted joint ventures increased by 25% to S\$0.14 million due mainly to higher contribution from the associate, AP Saigon Petro JSC.
- (vii) Profit before tax and profit net of tax increased by 8% and 23% to S\$1.39 million and S\$1.33 million, respectively, due mainly to lower distribution costs and higher other gains.
- (viii) Income tax expense decreased to S\$0.57 million because of the tax credit utilised in 1st Half 2020.
- (ix) Exchange difference arose mostly from the translation of financial assets and liabilities in the Group with US dollar functional currency to the presentation currency (i.e., Singapore dollar) at the exchange rate at end of 1st Half 2020. The income and expenses were translated at the average rate of exchange for 1st Half 2020.

Statement of Financial Position

- (i) Property, plant and equipment asset of S\$13 million included the completed cost of the new office building at 18 Pioneer Sector I.
- (ii) Other assets in non-current assets decreased by S\$0.2 million due to the partial receipt for the Vietnam land prepayment, pursuant to an agreement executed in November 2019 for the repayment of S\$0.7 million made by the Group in prior years.
- (iii) Inventories decreased by S\$0.6 million due mainly to lower raw materials and finished goods inventory purchased in 2nd quarter 2020.
- (iv) Other assets in current assets increased by S\$0.1 million because of higher prepayments made for raw materials purchase.
- (v) Cash and cash equivalents increased by S\$0.7 million because of the net cashflows generated from operating activities offset by increase in purchase of property, plant and equipment.

- (vi) Trade and other payables decreased by S\$1.3 million due to lower raw materials purchases in line with the lower trading volume.

Statement of Cash Flows

Net cash flows generated from operating activities increased S\$0.4 million in 1st Half 2020 due mainly to lower inventories as compared to last year. Net cash flows used in investing activities decreased by S\$0.2 million in line with completion of the new office building at 18 Pioneer Sector I. Net cash flows used in financing activities decreased S\$0.2 million due mainly to repayment of lease liabilities.

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) Though the main activities of the Group's Companies are classified as essential services by the Ministry of Trade & Industry, the pandemic impact on global economy, without exception, also presents great challenges to our business, impacting demand for products of the Group.
- (ii) The Group's prudent cash management policy has resulted in a healthy balance sheet, this will enable us to safely weather the stormy days ahead. The Management will continue to seek out new business opportunities and strengthen our existing business amidst the crisis, while visibility of forward demand remains uncertain.

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/recommended, 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 decreased by 5% to S\$28 million over last year due mainly to decrease in trading revenue offset by higher manufacturing revenue.

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
13 August 2020**