



# KS ENERGY SERVICES LIMITED

(Company No.: 198300104G)

## Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2006

### PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		Increase/ (Decrease) %
	31.12.2006 \$'000	31.12.2005 \$'000	
Revenue	295,132	269,081	9.7
Cost of sales	(218,912)	(210,102)	4.2
<b>Gross profit</b>	<b>76,220</b>	<b>58,979</b>	<b>29.2</b>
Other operating income	23,077	17,185	34.3
Distribution costs	(21,056)	(17,643)	19.3
Administrative expenses	(10,964)	(8,942)	22.6
Other operating expenses	(4,491)	(9,416)	(52.3)
<b>Profit from operations</b>	<b>62,786</b>	<b>40,163</b>	<b>56.3</b>
Finance costs	(2,095)	(1,783)	17.5
Share of results of associates	1,078	661	63.1
Share of results of jointly controlled entities	3,137	2,497	25.6
<b>Profit before tax</b>	<b>64,906</b>	<b>41,538</b>	<b>56.3</b>
Income tax expense	(9,983)	(4,444)	124.6
<b>Profit for the year</b>	<b>54,923</b>	<b>37,094</b>	<b>48.1</b>
Attributable to:			
<b>Equity holders of the parent</b>	<b>50,702</b>	<b>33,604</b>	<b>50.9</b>
Minority interests	4,221	3,490	20.9
<b>Profit for the year</b>	<b>54,923</b>	<b>37,094</b>	<b>48.1</b>

### Profit for the period is arrived at after crediting/(charging):-

	Group		Increase/ (Decrease) %
	31.12.2006 \$'000	31.12.2005 \$'000	
Investment income	1,153	606	90.3
Other income including interest income	3,655	2,662	37.3
Depreciation of property, plant and equipment	(1,882)	(2,358)	(20.2)
Allowance for doubtful debts and bad debts written off	392	(960)	N/M
Allowance for slow moving inventories	198	(968)	N/M
Foreign exchange gain/(loss), net	167	(651)	N/M
Gain on disposal of plant and equipment	652	25	2,508.0
Net gain on disposal of marketable securities	-	196	N/M
Gain on dilution of interest in a subsidiary	-	6,120	N/M
Gain on dilution of interest in a jointly controlled entity	790	-	N/M
Gain on disposal of interest in a jointly controlled entity	783	-	N/M
Gain on disposal of non-current investments	17,364	7,601	128.4
Loss on disposal of interest in an associate	(667)	-	N/M
Net loss on remeasurement of derivatives at fair value	-	(102)	N/M

N/M - not meaningful

See note 8 for more explanation on the income statement review

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>				
Cash and cash equivalents	46,015	83,111	16,291	62,988
Amounts due from subsidiaries	-	-	25,851	7,184
Trade receivables	68,593	47,122	23,974	8,660
Inventories	47,546	42,859	19,610	18,856
Other current assets	36,353	21,758	3,790	9,547
	<b>198,507</b>	<b>194,850</b>	<b>89,516</b>	<b>107,235</b>
<b>Non-current assets</b>				
Other investments	43,462	27,900	43,462	27,900
Associates and jointly controlled entities	60,658	2,698	19,170	191
Subsidiaries	-	-	11,447	10,429
Property, plant and equipment	7,891	10,878	890	1,217
Goodwill	6,515	5,734	-	-
Other non-current assets	5,294	494	301	494
	<b>123,820</b>	<b>47,704</b>	<b>75,270</b>	<b>40,231</b>
<b>Total assets</b>	<b>322,327</b>	<b>242,554</b>	<b>164,786</b>	<b>147,466</b>
<b>Current liabilities</b>				
Trade and other payables	72,474	87,042	12,557	15,070
Provision for current tax	11,491	5,621	7,482	3,289
Amounts due to subsidiaries	-	-	1,807	-
Borrowings	41,272	17,536	1,618	6,225
	<b>125,237</b>	<b>110,199</b>	<b>23,464</b>	<b>24,584</b>
<b>Non-current liabilities</b>				
Trade and other payables	7,800	3,590	-	-
Amounts due to subsidiaries	-	-	37,558	38,561
Borrowings	9,989	3,187	273	1,260
Deferred taxation	180	122	-	-
	<b>17,969</b>	<b>6,899</b>	<b>37,831</b>	<b>39,821</b>
<b>Total liabilities</b>	<b>143,206</b>	<b>117,098</b>	<b>61,295</b>	<b>64,405</b>
<b>Net assets</b>	<b>179,121</b>	<b>125,456</b>	<b>103,491</b>	<b>83,061</b>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	27,771	19,848	27,771	19,848
Share premium	-	10,099	-	10,099
Foreign currency translation reserve	(2,170)	(83)	-	-
Fair value reserve	41,438	23,638	41,438	23,638
Accumulated profits	92,217	55,980	34,282	29,476
	<b>159,256</b>	<b>109,482</b>	<b>103,491</b>	<b>83,061</b>
Minority interests	19,865	15,974	-	-
<b>Total equity</b>	<b>179,121</b>	<b>125,456</b>	<b>103,491</b>	<b>83,061</b>

See note 8 for more explanation on the balance sheet review

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 31.12.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
30,369	10,903	397	17,139

**Amount repayable after one year**

As at 31.12.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
999	8,990	470	2,717

**Details of any collateral**

The current secured borrowings of \$30 million are secured on 152,500,000 ordinary shares in an associate, SSH Corporation Ltd. The remaining secured borrowings relate to hire purchase liabilities secured on certain motor vehicles and office equipment of the Group.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>	
	<b>31.12.2006</b>	<b>31.12.2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before tax	64,906	41,538
Adjustments for:		
Depreciation of property, plant and equipment	1,882	2,358
Interest income	(2,799)	(1,597)
Interest expense	2,095	1,783
Share of results of associates	(1,078)	(661)
Share of results of jointly controlled entities	(3,137)	(2,497)
Gain on disposal of plant and equipment	(652)	(25)
Gain on dilution of interest in a jointly controlled entity	(790)	-
Gain on disposal of interest in a jointly controlled entity	(783)	-
Gain on dilution of interest in a subsidiary	-	(6,120)
Loss on disposal of interest in an associate	667	-
Gain on disposal of other investments	(17,364)	(7,797)
Net loss on remeasurement of derivatives at fair value	-	102
Dividend income	(1,153)	(606)
Operating profit before changes in working capital	41,794	26,478
Changes in working capital:		
Inventories	(4,523)	(4,248)
Trade receivables	(18,260)	(5,732)
Other current assets	(1,193)	(8,416)
Trade and other payables	(12,189)	34,325
Cash generated from operations	5,629	42,407
Income taxes paid	(4,076)	(1,773)
<b>Cash flows from operating activities</b>	<b>1,553</b>	<b>40,634</b>
<b>Investing activities</b>		
Payments for purchase of plant and equipment	(2,085)	(1,806)
Proceeds from disposal of plant and equipment	4,984	182
Dividends received	1,153	606
Interest received	2,723	1,827
Net cash outflow on acquisition of subsidiaries and minority interest	(1,665)	(5,084)
Payments for investments in associates	(41,768)	(1,615)
Payments for investments in jointly controlled entities	(3,986)	(242)
Proceeds from sale of other investments	20,083	9,880
Proceeds from disposal of interest in a jointly controlled entity	1,580	-
Proceeds from disposal of interest in an associate	1,742	-
(Advances to)/Repayment of advances by jointly controlled entities	(32,573)	4,145
<b>Cash flows from investing activities</b>	<b>(49,812)</b>	<b>7,893</b>
<b>Financing activities</b>		
Proceeds from /(Repayments of) finance lease liabilities	12	(409)
Proceeds from bank loans	60,753	6,527
Repayment of bank loans	(30,380)	(5,875)
Due to a director of a subsidiary	-	(9,230)
Proceeds from issue of new shares	-	8,865
Payments for share buyback	(2,168)	-
Payments for share issue expenses	(8)	-
Proceeds from issue of new shares by a subsidiary to minority shareholders	-	15,793
Bills payable to banks	(336)	(1,208)
Dividends paid	(14,465)	(5,160)
Interest paid	(1,786)	(1,761)
<b>Cash flows from financing activities</b>	<b>11,622</b>	<b>7,542</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(36,637)</b>	<b>56,069</b>
Cash and cash equivalents at beginning of the year	83,111	27,042
Effect of exchange rate changes on balances held in foreign currencies	(459)	-
<b>Cash and cash equivalents at end of the year</b>	<b>46,015</b>	<b>83,111</b>

See note 8 for explanation on the cash flow statement review

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.

	Share capital	Share premium	Foreign currency translation reserve	Fair value reserve	Accumulated profits	Total attributable to equity holders of the parent	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
<b>At 1 January 2006</b>	19,848	10,099	(83)	23,638	55,980	109,482	15,974	125,456
Exchange differences on translation of financial statements of foreign operations	-	-	(2,087)	-	-	(2,087)	-	(2,087)
Change in fair value of available-for-sale investments	-	-	-	30,176	-	30,176	-	30,176
Transfer to profit and loss account on disposal of available-for-sale investment	-	-	-	(12,376)	-	(12,376)	-	(12,376)
Net income recognised directly in equity	-	-	(2,087)	17,800	-	15,713	-	15,713
Profit for the year	-	-	-	-	50,702	50,702	4,221	54,923
Total recognised income and expense for the year	-	-	(2,087)	17,800	50,702	66,415	4,221	70,636
Share buyback - cancellation	(2,168)	-	-	-	-	(2,168)	-	(2,168)
Share issue expenses	(8)	-	-	-	-	(8)	-	(8)
Dividends	-	-	-	-	(14,465)	(14,465)	-	(14,465)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(652)	(652)
Acquisition of subsidiary	-	-	-	-	-	-	322	322
Transfer from share premium account to share capital	10,099	(10,099)	-	-	-	-	-	-
<b>At 31 December 2006</b>	<b>27,771</b>	<b>-</b>	<b>(2,170)</b>	<b>41,438</b>	<b>92,217</b>	<b>159,256</b>	<b>19,865</b>	<b>179,121</b>
<b>At 1 January 2005</b>	12,783	8,299	(207)	19,851	27,536	68,262	3,602	71,864
Exchange differences on translation of financial statements of foreign operations	-	-	124	-	-	124	-	124
Change in fair value of available-for-sale investments	-	-	-	9,901	-	9,901	-	9,901
Transfer to profit and loss account on disposal of available-for-sale investment	-	-	-	(6,114)	-	(6,114)	-	(6,114)
Net income recognised directly in equity	-	-	124	3,787	-	3,911	-	3,911
Profit for the year	-	-	-	-	33,604	33,604	3,490	37,094
Total recognised income and expense for the year	-	-	124	3,787	33,604	37,515	3,490	41,005
Issue of shares	1,000	7,900	-	-	-	8,900	-	8,900
Issue of bonus shares	6,065	(6,065)	-	-	-	-	-	-
Share issue expenses	-	(35)	-	-	-	(35)	-	(35)
Dividends	-	-	-	-	(5,160)	(5,160)	-	(5,160)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(791)	(791)
Capital contributions by minority shareholders of a subsidiary	-	-	-	-	-	-	9,673	9,673
<b>At 31 December 2005</b>	<b>19,848</b>	<b>10,099</b>	<b>(83)</b>	<b>23,638</b>	<b>55,980</b>	<b>109,482</b>	<b>15,974</b>	<b>125,456</b>

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. (...continued)

	Share capital	Share premium	Fair value reserve	Accumulated profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>					
<b>At 1 January 2006</b>	19,848	10,099	23,638	29,476	83,061
Change in fair value of available-for-sale investments	-	-	30,176	-	30,176
Transfer to profit and loss account on disposal of available-for-sale investment	-	-	(12,376)	-	(12,376)
Net income recognised directly in equity	-	-	17,800	-	17,800
Profit for the year	-	-	-	19,271	19,271
Total recognised income and expense for the year	-	-	17,800	19,271	37,071
Share buyback - cancellation	(2,168)	-	-	-	(2,168)
Share issue expenses	(8)	-	-	-	(8)
Dividends	-	-	-	(14,465)	(14,465)
Transfer from share premium account to share capital	10,099	(10,099)	-	-	-
<b>At 31 December 2006</b>	<b>27,771</b>	<b>-</b>	<b>41,438</b>	<b>34,282</b>	<b>103,491</b>
<b>At 1 January 2005</b>	12,783	8,299	19,851	19,235	60,168
Change in fair value of available-for-sale investments	-	-	9,901	-	9,901
Transfer to profit and loss account on disposal of available-for-sale investment	-	-	(6,114)	-	(6,114)
Net income recognised directly in equity	-	-	3,787	-	3,787
Profit for the year	-	-	-	15,401	15,401
Total recognised income and expense for the year	-	-	3,787	15,401	19,188
Issue of shares	1,000	7,900	-	-	8,900
Issue of bonus shares	6,065	(6,065)	-	-	-
Share issue expenses	-	(35)	-	-	(35)
Dividends	-	-	-	(5,160)	(5,160)
<b>At 31 December 2005</b>	<b>19,848</b>	<b>10,099</b>	<b>23,638</b>	<b>29,476</b>	<b>83,061</b>

**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.**

Pursuant to the Companies (Amendment) Act 2005 effective from 30 January 2006, the concept of authorised share capital and par value has been abolished. The amount standing to the credit of the share premium account has been transferred to share capital as at that date.

On 28 April 2006, the Company increased its number of issued ordinary shares to 238,176,525 shares via a bonus issue of 39,696,079 new ordinary shares. The bonus shares were allotted to the shareholders of the Company on the basis of one bonus share for every five existing shares in the share capital of the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

Pursuant to the share buyback mandate approved by shareholders on 7 August 2006, the Company purchased 881,000 ordinary shares via open market purchase for cancellation during the financial year. As a result, the Company decreased its number of issued ordinary shares from 238,176,525 shares to 237,295,525 shares.

**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 by the Company's auditors.

**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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied for the audited financial statements for the year ended 31 December 2005.

**5. If there are 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.**

Not applicable

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

		Group	
		31.12.2006	31.12.2005
(a)	Based on weighted average number of ordinary shares in issue	21.30 cts	14.11 cts
(b)	On a fully diluted basis	21.30 cts	14.11 cts

Note :

31 Dec 2006 : The weighted average number of shares has been adjusted for the 1-for-5 bonus issue of shares on 28 April 2006.

31 Dec 2005 : The earnings per share has been restated for comparative purposes as a result of the 1-for-5 bonus issue of shares on 28 April 2006.

**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 financial period reported on; and**

**(b) immediately preceding financial year.**

	Group		Company	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	67.1 cts	46.0 cts	43.6 cts	34.9 cts

Note: The net asset value per share as at 31 December 2005 has been restated for comparative purposes as a result of the 1-for-5 bonus issue of shares on 28 April 2006.

**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 financial period reported on.**

**INCOME STATEMENT REVIEW**

**Overview**

KS Energy Services Limited ("KS Energy") procures, refurbishes and supplies capital equipment (including offshore and onshore rigs, workover pulling units, offshore support vessels, cranes and oilfield equipment) to major oil & gas companies and drilling contractors around the world. It is also an established distributor of equipment, parts and consumables to the oil & gas and marine industries.

In Q4 FY2006, KS Energy's subsidiary Aqua-Terra Supply Co. Limited acquired a 28.4% stake in SSH Corporation Ltd, a specialist supplying high-grade industrial materials such as seamless pipes, flanges, valves welding equipments and consumables. This acquisition will further enlarge KS Energy Group's market presence and product offering.

**Revenue**

The global oil & gas industry remained buoyant in FY2006. The demand for capital equipment and parts remained strong as major oil & gas companies around the world continued to step up their exploration and production activities. Higher contributions from a larger number of capital equipment related projects and growth in the distribution business in FY2006 contributed to the revenue growth of 9.7% to \$295.1 million. Revenue from capital equipment amounted to \$91.4 million (or 31% of group revenue), with the balance \$203.7 million in revenue deriving from distribution.

In FY2006, more rig and capital equipment related projects were completed during the year. Revenue from these projects, together with recurring revenue from the existing base of capital equipment charter contracts, contributed to the segmental revenue of \$91.4 million. However, by comparison, this is lower than the segmental revenue of \$108.4 million booked in FY2005 because in 2H FY2005, the structure of a project resulted in the revenue and cost of the capital equipment project being booked in instead of only the amount of commission earned. This boosted the revenue for capital equipment by \$76.2 million in FY2005. Excluding this from FY2005, revenue for capital equipment registered a growth of 184% in FY2006.

The rising number of capital equipment projects and strong demand from the Group's global oil & gas customers for equipment, parts and consumables contributed to the growth of 26.7% in distribution revenue to \$203.7 million in FY2006.

**Profitability**

The growth in revenue contributed to gross profit rising 29.2% to \$76.2 million. Gross margin expanded because of a larger proportion of higher margin revenue from capital equipment projects. Other operating income rose 34.3% to \$23.1 million as the Group realised gains from partial divestment of quoted securities as well as higher interest and investment income. Distribution costs and administration expenses increased due to the consolidation of a new subsidiary, higher staffing and related costs to support the growing volume of business. Other operating expenses decreased as provisions for doubtful debts and obsolete stocks made in prior years were reversed in 2006. As a consequence, profit from operations improved by 56.3% to \$62.8 million.

Finance costs increased due to higher borrowings in FY2006. The acquisition of a 28.4% stake in SSH Corporation Ltd by subsidiary Aqua-Terra Supply Co. Limited and contributions from additional capital equipment projects boosted the share of results of associates and jointly controlled entities respectively. The Group's effective tax rate for FY2006, at 15%, is lower than the statutory rate as some overseas subsidiaries enjoyed lower tax rates. Higher minority interests were attributable to improved performances by certain subsidiaries of the Group.

With broad-based improvement in group performance, net profit rose 50.9% to \$50.7 million in FY2006. As a reward to shareholders, the Directors have proposed a final dividend of 1.8 cents per share (one-tier tax exempt). Inclusive of the interim and special dividend paid after the 1H FY2006 results, the total net dividend payable for FY2006 of \$14.6 million (gross \$15.4 million) is 78% higher as compared to the total net dividend of \$8.2 million paid in FY2005.

## **BALANCE SHEET REVIEW**

### **Current Assets**

The Group's current assets were \$198.5 million as at 31 Dec 2006, an increase of \$ 3.6 million from \$194.9 million as at 31 Dec 2005. The higher current assets were due to an increase in short term advances to jointly controlled entities. These advances to jointly controlled entities (both short-term and long-term), have resulted in a lower cash position as at 31 Dec 2006. Trade receivables and inventories have also increased correspondingly to match the increased business revenue.

### **Non-current Assets**

The Group's non-current assets were \$123.8 million as at 31 Dec 2006, an increase of \$76.1 million from \$47.7 million as at 31 Dec 2005. This was due mainly to the revaluation of other investments in accordance with FRS 39 and increase in advances to jointly controlled entities. The increase was also due to the strategic acquisition of an associate, SSH Corporation Ltd, and other jointly controlled entities.

### **Current Liabilities**

The Group's current liabilities were \$125.2 million as at 31 Dec 2006, an increase of \$15.0 million from \$110.2 million as at 31 Dec 2005. This increase was mainly due to an increase in tax provision and short-term borrowings for the financing of strategic acquisitions and capital equipment projects.

### **Non-current Liabilities**

The Group's non-current liabilities were \$18.0 million as at 31 Dec 2006, an increase of \$11.1 million from \$6.9 million as at 31 Dec 2005. This was a result of higher borrowings for the financing of strategic acquisitions and accounting for future lease payments in accordance with FRS 17.

### **Interests of Shareholders**

The interests of shareholders increased to \$159.3 million as at 31 Dec 2006 from \$109.5 million as at 31 Dec 2005. This increase was mainly attributable to the profitability in FY2006 and revaluation of quoted investments which gave rise to the fair value reserve.

## **CASH FLOW STATEMENT REVIEW**

### **Cash Flow from Operating Activities**

The Group's net cash inflow from operating activities was \$1.6 million. This was due to overall increase of business activities and profitability. However, the inflow was offset by the increase in working capital.

### **Cash Flow from Investing Activities**

The Group's net cash outflow from investing activities was \$49.8 million, mainly due to strategic acquisitions and advances to jointly controlled entities relating to capital equipment projects.

### **Cash Flow from Financing Activities**

The Group's net cash inflow from financing activities was \$11.6 million. This was a result of the net increase of term loan for funding of strategic acquisitions & capital equipments projects; offset by the payment of dividends during the year.

At the end of FY2006, the Group had a cash and cash equivalents position of \$46.0 million.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was made. However, the Group's performance for FY2006 was in line with the sentiments expressed in a prospect statement (Para 10) of the Company's announcement dated 7th August 2006.

**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.**

The global oil & gas industry is expected to remain buoyant in FY2007 with strong oil & gas exploration and production (“E&P”) activities around the world. The Group expects demand for capital equipment as well as parts and consumables to remain firm to support a high level of E&P activities.

Due to buoyant market conditions, the Group expects to refurbish and supply more capital equipment projects to its customers in FY2007. In addition to its traditional markets, the Group is able to leverage on Mr. Kris Wiluan’s extensive contacts in the American, Middle Eastern and Indonesian oil & gas sectors to expand into these new markets for capital equipment related projects and distribution contracts.

The distribution business will continue to enjoy strong organic growth as well as contributions from recently acquired subsidiaries offering complementary products and services. In addition, the scheduled completion of more capital equipment related projects in FY2007 will add to the demand for parts, equipment and consumables. The Group will continue to seek opportunities to expand its product portfolio as well as improve its operational efficiencies through integration to better service a growing base of customers around the world.

Barring unforeseen circumstances, the Group remains optimistic of prospects in FY2007.

**11. Dividend**

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

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim	Special (Interim)	Final
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share	1.8 cents per ordinary share	2.9 cents per ordinary share	1.8 cents per ordinary share
Tax Rate	20%	N.A. ( one-tier tax exempt)	N.A. ( one-tier tax exempt)

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

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

Name of Dividend	Interim	Special (Interim)	Final	Special (Final)
Dividend Type	Cash	Cash	Cash	Cash
Dividend Amount per Share	1.6 cents per ordinary share	1.5 cents per ordinary share	2.0 cents per ordinary share	0.6 cents per ordinary share
Tax Rate	20%	20%	20%	20%

**(c) Date payable**

To be announced at a later date.

**(d) Books closure date**

To be announced at a later date.

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

Not applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. 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.

Primary reporting format - business segment

	Distribution	Capital equipment & related services	Group
	\$'000	\$'000	\$'000
<b>Year ended 31 December 2006</b>			
Revenue	203,724	91,408	295,132
Segment results	18,456	22,812	41,268
Unallocated income			1,153
Gain on disposal of non-current investments			17,364
Gain on disposal of interest in a jointly controlled entity	-	783	783
Gain on dilution of interest in a jointly controlled entity	-	790	790
Loss on disposal of interest in an associate	(667)	-	(667)
Share of results of associates	1,119	(41)	1,078
Share of results of jointly controlled entities	283	2,854	3,137
Profit before tax			64,906
Income tax expense			(9,983)
Profit for the year			54,923

	Distribution	Capital equipment & related services	Group
	\$'000	\$'000	\$'000
<b>Year ended 31 December 2005</b>			
Revenue	160,716	108,365	269,081
Segment results	11,630	12,227	23,857
Unallocated income			606
Gain on disposal of non-current investments			7,797
Gain on dilution of interest in a subsidiary			6,120
Share of results of associates	793	(132)	661
Share of results of jointly controlled entities	-	2,497	2,497
Profit before tax			41,538
Income tax expense			(4,444)
Profit for the year			37,094

**Secondary reporting format - geographical segments**

	Revenue		Carrying amount of segment assets		Capital expenditure	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Singapore	129,843	94,760	199,121	192,289	1,150	1,456
The People's Republic of China	39,999	27,649	42,247	19,899	90	153
Other Far East and ASEAN Countries	54,789	46,938	26,823	18,158	384	167
Other Regions	70,501	99,734	54,136	12,208	461	30
	<b>295,132</b>	269,081	<b>322,327</b>	242,554	<b>2,085</b>	1,806

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to paragraph 8 above.

**15. A breakdown of sales**

	Group		
	2006 \$'000	2005 \$'000	Increase/ (decrease) %
<b>First Half</b>			
(a) Revenue	131,854	84,566	55.9
(b) Profit after tax	32,577	18,279	78.2
<b>Second Half</b>			
(c) Revenue	163,278	184,515	(11.5)
(d) Profit after tax	22,346	18,815	18.8

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	14,608	8,229
Preference	0	0
Total:	14,608	8,229

**BY ORDER OF THE BOARD**

**Lim Ka Bee**  
**Company Secretary**  
**13 February 2007**