

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

PART 1 – 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 Income Statements	30/06/06	30/06/05	Change
	S\$'000	S\$'000	%
Revenue	34,819	19,093	82.4
Less Cost of sales	(28,694)	(15,530)	84.8
Gross Profit	6,125	3,563	71.9
Financial income	290	38	663.1
Financial expenses	(358)	(79)	353.2
Distribution expenses	(1,870)	(812)	130.3
Administrative expenses	(2,211)	(2,203)	0.4
Other credits/(charges)	-	2	n.m
Profit before tax	1,976	509	288.2
Income tax expense	(167)	(245)	(31.8)
Profit for the period	1,809	264	585.2
Attributable to :			
Equity holders of the company	1,818	287	533.5
Minority interests	(9)	(23)	(60.8)
	1,809	264	585.2

Note

n.m – not meaningful

Notes to Income Statement	30/06/2006	30/06/2005
	S\$'000	S\$'000
<u>Staff Costs</u>		
Staff costs excluding directors	1,226	1,230
Contributions to defined contribution plan	97	118
	1,323	1,348
<u>Financial Income</u>		
Interest from non-related companies	89	18
Foreign exchange transaction gain	131	-
Other Income	70	20
	290	38
<u>Financial expenses</u>		
Interest expense to non-related companies	358	48
Foreign exchange transaction loss	-	31
	358	79
<u>Depreciation & amortisation</u>		
Depreciation expense	345	340
Amortisation of goodwill/Goodwill written off	-	50
	345	390

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		
	S\$'000		%	S\$'000		%
	30/06/06	31/12/05	Change	30/06/06	31/12/05	Change
Cash and cash equivalents	9,684	6,820	42.0	5,419	3,119	73.7
Trade and other receivables	14,327	9,091	57.6	18,203	7,413	145.6
Inventories	7,768	7,345	5.8	5,896	4,433	33.0
Total current assets	31,779	23,256	36.6	29,518	14,965	97.2
Investment in associate	8	8	-	-	-	-
Interest in subsidiaries	-	-	-	8,277	8,380	(1.2)
Available for sales investment	8	8	-	8	8	-
Property, plant and equipment	6,615	6,643	(0.4)	995	1,066	(6.7)
Intangible assets	409	409	-	-	-	-
Total non-current assets	7,040	7,068	(0.4)	9,280	9,454	(1.8)
Total assets	38,819	30,324	28.0	38,798	24,419	58.9
Short-term borrowings	4,208	9,373	(55.1)	4,208	10,106	(58.4)
Trade and other payables	21,737	10,219	112.7	22,825	4,616	394.5
Current tax payables	317	145	118.6	32	32	-
Current portion of finance leases	4	9	(55.6)	-	-	-
Total current liabilities	26,266	19,746	33.0	27,065	14,754	83.4
Deferred tax liabilities	141	148	(4.7)	141	141	-
Total non-current liabilities	141	148	(4.7)	141	141	-
Total liabilities	26,407	19,894	32.7	27,206	14,895	82.7
Equity attributable to equity holders of the parent						
Share capital	6,606	6,581	(0.4)	6,606	6,581	(0.4)
Other reserves	(281)	(149)	88.6	-	25	n.m
Retained earnings	5,199	3,390	53.4	4,986	2,918	70.9
	11,524	9,822	17.3	11,592	9,524	21.7
Minority interests	888	608	46.2	-	-	-
Total equity	12,412	10,430	19.0	11,592	9,524	21.7
Total liabilities and equity	38,819	30,324	28.0	38,798	24,419	58.9

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

As at 30.06.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
S\$4,000	S\$4,208,000	S\$9,000	S\$9,373,000

Amount repayable after one year

As at 30.06.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collaterals

The Group secured borrowings comprise of finance lease which are secured on the plant and equipment.

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

	2006	2005
	\$'000	\$'000
Cash flow from operating activities :		
Profit for the period	1,809	264
Adjustments for:-		
Income tax expense	167	245
Goodwill written off	-	50
Depreciation expenses	345	340
(Gain) on disposal of plant and machinery	-	(2)
Interest income	(89)	(18)
Interest expense	358	48
Operating profit before working capital	2,590	927
Trade and other receivables	(5,236)	4,007
Other receivables and prepayments	-	-
Inventories	(423)	(350)
Trade and other payables	11,518	(7,654)
Cash (used in) / generated from operations	8,449	(3,070)
Income tax paid	(68)	(147)
Net cash from / (used in) operating activities	8,381	(3,217)
Cash flows form investing activities:		
Interest Received	89	18
Acquisition of property, plant and equipment	(317)	(928)
Proceeds from disposal of plant and equipment	-	4
Net cash (used in) investing activities	(228)	(906)
Cash flows from financing activities :		
Interest expense paid	(358)	(48)
Payment in finance leases	(5)	(5)
Increase in borrowings	(5,165)	3,253
Dividends paid	-	-
Minority contribution to capital	314	-
Net cash (used in) / from financing activities	(5,214)	3,200
Net effect of exchange rate changes in consolidating subsidiaries	(75)	1
Net increase / (decrease) in cash	2,864	(922)
Cash at beginning of period	6,820	5,067
Cash at end of period	9,684	4,145

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

	Group		Company	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Share Capital				
Balance at beginning of period	6,581	5,265	6,581	5,265
Bonus issue by way of capitalising	0	1,316	0	1,316
Transfer from share premium	25	-	25	-
Balance at end of period	6,606	6,581	6,606	6,581
Share Premium				
Balance at beginning of period	25	1,341	25	1,341
Bonus issue by way of capitalising	0	(1,316)	0	(1,316)
Transfer to share capital	(25)	-	(25)	-
Balance at end of period	-	25	-	25
Revenue Reserves				
Balance at beginning of period	3,390	8,947	2,918	7,175
Profit for the period	1,809	(5,557)	2,068	(4,257)
Balance at end of period	5,199	3,390	4,986	2,918
Translation Reserves				
Balance at beginning of period	(174)	(180)	0	0
Foreign currencies translation differences	(107)	6	0	0
Balance at end of period	(281)	(174)	0	0
Total equity	11,524	9,822	11,592	9,524

* With the changes to Companies Act, Cap . 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account. The company had a share premium account balance of \$25,000 at the end of last year.

The ordinary shares carry no right to fixed income.

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 change in the Company's issued share capital during the financial period ended 30 June 2006.

As at 30 June 2006, no share options were issued.

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.

Not applicable.

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.

	30.06.06	30.06.05
(i) Based on number of ordinary shares in issue	1.38 cents	0.22 cents
(ii) On a fully diluted basis	1.38 cents	0.22 cents

Note:

Earnings per share ("EPS") is calculated based on number of ordinary shares of 131,625,000 (corresponding period 2005: 131,625,000)

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**

	Group		Company	
	30.06.06	31.12.05	30.06.06	31.12.05
Net asset value per ordinary share based on number of shares in issue at end of period	8.76 cents	7.46 cents	8.80 cents	7.23 cents

Note:

Net asset value per share is calculated based on number of ordinary shares of 131,625,000 (corresponding period 2005: 131,625,000)

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.

- (i) Revenue for the Group increased significantly by 82.4% compared to the corresponding period last year mainly due to higher volume of base oil trading. Specialty chemicals business in our subsidiary A.I.M. Chemical Industries Pte Ltd (A.I.M.) showed a marginal increase of 0.6% compared to the corresponding period last year. GB Chemicals Pte Ltd (GB) recorded an increase of 22.7%.
- (ii) Profit for the period was S\$1.81 million, a sharp increase of S\$1.55 million or 585.2% when compared to the same period last year. This was mainly due to contribution from substantially higher volume of base oil trading and sales of lubricants.
- (iii) Increase in distribution and sales expenses were mainly due to higher freight charges.

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

Not applicable

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.

During the 6 months under review, our Group turnover has improved significantly. Despite the escalating oil prices and intense competition, the Group will continue to focus on growing its core businesses through the expansion of its regional customer base and searching for new business opportunities globally. Businesses from two wholly-owned subsidiaries, A.I.M. and GB, are expected to remain healthy. Barring unforeseen circumstances, the Groups expect to continue its performance into the second half of FY2006.

As announced earlier, the company has sold 100% shares in its wholly-owned subsidiary, AP Petrochemical Pte Ltd, for a cash consideration of approximately S\$8.85 million (US\$5.6 million). Sale proceeds will be used in part to reduce the company's bank borrowings, to expand its core business activities and for new investments as and when the opportunity arises. The profit from this transaction will be reflected in the second half of FY2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(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 was proposed.

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.

Not applicable

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

Not applicable

15. A breakdown of sales

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Dr. Ho Leng Woon