

APEX-PAL

INTERNATIONAL LTD.

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Half Year Financial Statement And Dividend Announcement

PART I - 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

Financial statements for the 6 months ended 30 June 2006

	Half Year Ended 30 June		Increase/
	2006	2005	(Decrease)
	\$'000	\$'000	%
Revenue	30,720	24,585	25.0%
Cost of sales	(8,428)	(6,860)	22.9%
Gross profit	22,292	17,725	25.8%
Other operating income	125	85	47.1%
Administrative expenses	(12,451)	(9,650)	29.0%
Other operating expenses	(6,851)	(5,711)	20.0%
Finance cost	-	(2)	(100.0%)
Profit before income tax	3,115	2,447	27.3%
Income tax expense	(742)	(559)	32.7%
Profit after income tax	2,373	1,888	25.7%

Profit from operations is determined after charging (crediting) the following:

	Group	
	Half Year Ended 30 June	
	2006	2005
	\$'000	\$'000
Amortisation of intangible assets	4	7
Allowance for doubtful trade receivables	8	53

Foreign currency exchange adjustment loss	-	15
Loss (Gain) on disposal of property, plant and equipment	33	(11)

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	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and bank balances	7,700	10,681	6,518	9,578
Trade receivables	682	786	672	778
Other receivables and prepayments	4,240	3,150	3,512	2,620
Inventories	571	569	540	547
Total current assets	13,193	15,186	11,242	13,523
Non-current assets:				
Subsidiaries	-	-	184	184
Due from subsidiaries	-	-	2,848	2,139
Property, plant and equipment	11,321	4,623	10,005	3,921
Intangible asset	-	4	-	4
Total non-current assets	11,321	4,627	13,037	6,248
Total assets	24,514	19,813	24,279	19,771
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	3,383	2,877	2,915	2,509
Other payables	1,796	2,002	1,572	1,910
Due to subsidiaries	-	-	11	6
Income tax payable	1,257	1,069	1,221	1,063
Current portion of finance lease	8	-	-	-
Total current liabilities	6,444	5,948	5,719	5,488
Non-current liabilities:				
Deferred taxation	249	289	240	280
Finance lease	14	-	-	-
Total non-current liabilities	263	289	240	280

Capital and reserves:				
Issued capital	10,739	4,260	10,739	4,260
Share premium	-	2,876	-	2,876
Currency translation deficit	(47)	(45)	-	-
Accumulated profits	7,115	6,485	7,581	6,867
Total equity	17,807	13,576	18,320	14,003
Total liabilities and equity	24,514	19,813	24,279	19,771

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

Amount repayable in one year or less, or on demand

As at 30/06/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
8	-	-	-

Amount repayable after one year

As at 30/06/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
14	-	-	-

Details of any collateral

During the financial period, the Group acquired motor vehicle under finance lease. The net book value of motor vehicle as at 30 June 2006 is \$24,000.

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

	Half Year Ended 30 June	
	2006	2005
	\$'000	\$'000
Cash flow from (used in) operating activities:		
Profit before income tax	3,115	2,447
Adjustments for:		
Depreciation expense	983	833
Loss (Gain) on disposal of property, plant and equipment	33	(11)
Allowance for doubtful trade receivables	8	53
Amortisation of intangible assets	4	7
Interest expense	-	2
Interest income	(91)	(32)
Operating profit before working capital changes	4,052	3,299
Trade receivables	96	368
Other receivables and prepayments	(1,090)	(385)
Inventories	(2)	113
Trade payables	506	(778)
Other payables	(206)	38
Cash generated from operations	3,356	2,655
Interest paid	-	(2)
Interest received	91	32
Income tax paid	(594)	(344)
Net cash from operating activities	2,853	2,341
Cash flows from (used in) investing activities:		
Proceeds on disposal of property, plant and equipment	15	35
Purchase of property, plant and equipment	(7,753)	(739)
Net cash used in investing activities	(7,738)	(704)
Cash flows from (used in) financing activities:		
Dividends paid	(1,743)	(852)
Increase in finance lease	22	-
Share issue expenses	(32)	-
Proceeds from issuance of new shares	3,635	-
Net cash from (used in) financing activities	1,882	(852)
Net effect of exchange rate changes in consolidating subsidiaries	22	(32)

Net (decrease) increase in cash	(2,981)	753
Cash and bank balances at beginning of year	10,681	6,970
Cash and bank balances at end of year	7,700	7,723

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

	Issued capital	Share premium	Currency translation deficit	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Balance at January 1, 2005	4,260	2,876	(27)	3,653	10,762
Currency translation differences	-	-	(10)	-	(10)
Net profit for the period	-	-	-	1,888	1,888
Dividend paid	-	-	-	(852)	(852)
Balance at June 30, 2005	4,260	2,876	(37)	4,689	11,788
Company					
Balance at January 1, 2005	4,260	2,876	-	3,636	10,772
Net profit for the period	-	-	-	2,093	2,093
Dividend paid	-	-	-	(852)	(852)
Balance at June 30, 2005	4,260	2,876	-	4,877	12,013
Group					
Balance at January 1, 2006	4,260	2,876	(45)	6,485	13,576
Adjustment arising from abolition of par value of shares	2,876	(2,876)	-	-	-
Issuance of new shares	3,635	-	-	-	3,635
Share issue expenses	(32)	-	-	-	(32)
Currency translation differences	-	-	(2)	-	(2)
Net profit for the period	-	-	-	2,373	2,373
Dividend paid	-	-	-	(1,743)	(1,743)
Balance at June 30, 2006	10,739	-	(47)	7,115	17,807
Company					
Balance at January 1, 2006	4,260	2,876	-	6,867	14,003
Adjustment arising from abolition of par value of shares	2,876	(2,876)	-	-	-
Issuance of new shares	3,635	-	-	-	3,635
Share issue expenses	(32)	-	-	-	(32)
Net profit for the period	-	-	-	2,457	2,457
Dividend paid	-	-	-	(1,743)	(1,743)
Balance at June 30, 2006	10,739	-	-	7,581	18,320

- 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. Consequently, any amount standing to the credit of the Company's share premium account as at 30 January 2006 were transferred to the Company's share capital as at that date.

On 23 March 2006, the Company issued 21,300,000 new ordinary shares in the capital of the Company on the basis of one (1) Bonus Share for every five (5) existing ordinary shares in the capital of the Company held by the shareholders of the Company. The 21,300,000 new ordinary shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System on 27 March 2006.

On 8 June 2006, the Company issued 14,200,000 new ordinary shares in the capital of the Company at an issue price of S\$0.256 for each new share. The 14,200,000 new ordinary shares were admitted to the Official List of the Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System on 9 June 2006.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

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 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 Company has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recent audited financial statements for the financial 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**

There are no changes to the accounting policies and methods of computation for the preparation of the financial statements for the half year ended 30 June 2006.

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

	30/06/2006	30/06/2005
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue	1.83 cents	1.48 cents
(b) On a fully diluted basis	1.83 cents	1.48 cents

(i) In accordance with FRS 33 "Earnings Per Share", the earnings per ordinary share for half year ended 30 June 2005 was adjusted retrospectively and computed based on the share capital of 127,800,000 ordinary shares after taking into account the bonus share issue on 23 March 2006.

(ii) The earnings per ordinary share for half year ended 30 June 2006 was computed based on the weighted average of 129,604,420 ordinary shares.

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	
	30/06/2006	31/12/2005	30/06/2006	31/12/2005
Net asset value per ordinary share based on issued share capital as at the end of period reported on:	12.54 cents	10.62 cents	12.90 cents	10.95 cents

(i) The net asset value per ordinary share for the year ended 31 December 2005 was adjusted retrospectively and computed based on the share capital of 127,800,000 ordinary shares after taking into account the bonus share issue on 23 March 2006.

(ii) The net asset value per ordinary share for half year ended 30 June 2006 was computed based on the share capital of 142,000,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The Group's revenue increased by 25.0% to \$30.7 million for the six months ended 30 June 2006 as compared to \$24.6 million in the previous corresponding period. Gross profit margin is also maintained at approximately 72%.

The Group's profit after tax increased by 25.7% to \$2.4 million for the half year ended 30 June 2006 compared to \$1.9 million recorded in the same period last year. The Group's operating expenses increased by 25.7% to \$19.3 million for the half year ended 30 June 2006 from \$15.4

million in the previous corresponding period which is consistent with the Group's increase in revenue.

The Group's balance sheet remains healthy. The Group's property, plant and equipment increased to \$11.3 million as at 30 June 2006. The increase of \$6.7 million from \$4.6 million as at 31 December 2005 was mainly due to the purchase of industrial freehold land & building in Singapore in June 2006 for operational use.

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

No forecast or prospect statement had been issued previously.

10. A commentary at the date of the announcement of the 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 Group expects business conditions in the food & beverage industry to remain competitive. We will continue to leverage on the Sakae Sushi branding and expand our markets locally and regionally.

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

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**

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**

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

	Latest Full Year ()	Previous Full Year ()
Ordinary	0	0
Preference	0	0
Total:	0	0

BY ORDER OF THE BOARD

Douglas Foo Peow Yong
Chairman
11/08/2006