

28 February 2007

Ms. Sydney Peh
Issuer Regulation
Risk Management and Regulation Group
Singapore Exchange Limited

Dear Ms. Peh

AP Oil International Ltd
Full Year Results Announcement

We refer to your email of 26 February 2007 and wish to answer your queries as follows:

Your question 1:

We note that Inventories balance decreased by 33.1% to S\$4.9m as at 31 December 2006. Please provide reasons for the decrease.

Our answer:

The Group's inventory figure of FY2005 included S\$2.4m of stocks belonging to our subsidiary in Vietnam. This subsidiary was disposed off in FY2006.

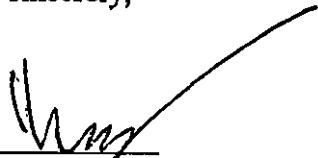
Your question 2:

We note that Revenue increased by 41.8% to S\$65.5m for FY2006. However, there was a decline of 1.9% in the Gross Profit Margin from 18.1% in FY2005 to 16.2% in FY2006. Please advise on the reasons for the decline.

Our answer:

This was largely due to our marketing practices of sales volume discount / rebates to customers.

Yours sincerely,



Dr. Ho Leng Woon
Chairman & CEO
AP Oil International Ltd