



**Aqua-Terra Supply Co. Limited**

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## **NEWS RELEASE**

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### **Aqua-Terra reports strong performance**

- **Revenue rose 38% to \$155.5 million**
- **Net profit after tax rose 32% to \$8.0 million**
- **Strong contributions from oil and gas and marine sectors**
- **Board recommends maiden dividend of 0.7 cents per ordinary share**

**SINGAPORE, 13 February 2007** – Mainboard listed Aqua-Terra Supply Co. Limited (“ATS” or the “Group”) today announced stronger sales and profitability for the financial year ended 31 December 2006. Earnings per share improved by 22% to 3.3 cents (FY2005: 2.7 cents).

Revenue rose 38% to \$155.5 million (FY2005: \$112.6 million) and net profit after tax rose 32% to \$8.0 million (FY2005: \$6.0 million).

The stronger performance is attributable to higher contributions from several business units; stronger performance of Marinehub Pte Ltd, a wholly-owned subsidiary; maiden contributions from Amos International (S) Pte Ltd (“Amos”) and Aqua-Terra Middle East; and contribution from the newly acquired associate company, SSH Corporation Ltd (“SSH”).

By segmental analysis, the strongest growth was seen in the oil and gas sector. Revenue from the oil and gas sector rose by 45.7% to \$74.6 million in FY2006 and accounted for about 48.0% of the Group’s total revenue. The revenue from marine business increased by 35.8% to \$74.4 million in FY2006 and accounted for about 47.8% of the Group’s total revenue (FY2005: 48.6%). The balance 4.2% comprises revenue contribution from the mining and general hardware business (FY2005: 5.9%).

Two subsidiaries turned in higher revenue contributions in FY2006. However, due to the lower margins from these subsidiaries, the overall Group's gross profit margin was slightly lower.

The gross profit contribution from the oil and gas business rose to 55.1% from 48.7% in the previous financial year. The marine business reported lower gross profit contribution from 45.2% in FY2005 to 40% in FY2006 due to lower margins. The gross profit contribution of the mining and general hardware business was also lower declining from 6.1% (FY2005) to 4.9% (FY2006).

Corresponding to the higher business activities in FY2006, the Group also incurred higher operating expenses. Included in the expenses was the \$2.5 million arising from the consolidation of Amos' operations. The disposal of the Group's investment in Runva Holdings Pte Ltd, an associate company, also gave rise to an accounting loss of \$0.7 million.

Operating activities during the year generated a cash inflow of approximately \$3.0 million, a vast improvement over the \$22,000 cash inflow in the previous financial year. At the close of the financial year, cash and cash equivalent amounted to \$8.1 million compared to \$11.0 million in FY2005.

Generally, the Group achieved better efficiency across its operations. Trade debtors' turnover improved from 86 days to 80 days and inventory turnover narrowed from 80 days to 72 days. On the other hand, due to higher funding demand during the year arising from the acquisition of SSH, net debt to equity ratio rose to 1.0 time at the close of FY2006.

Commenting on the performance of ATS, Mr. Kris Wiluan – Chairman and CEO said: "the performance for FY2006 have been better than FY2005 and for future performance, we look forward to a stronger growth for ATS. The synergy arising from the newly introduced integration process will improve ATS' efficiency and enhance its capability to achieve better results in the coming years."

The Group is optimistic about its prospects in the new financial year in view of the region's growing energy, petrochemical and marine industries. In addition to new business opportunities arising from the three companies' move to cross sell each other's products and share competencies, it is also poised to benefit from the strategic alliance that it recently forged with a business unit of CNOOC, a globally renowned oil company.

For the financial year ended 31 December 2006, the Board recommends a maiden net dividend of 0.7 cents per ordinary share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

***About Aqua-Terra Supply Co. Ltd (“ATS”)***

*ATS is a leading integrated supply and procurement services provider serving customers from the oil and gas and marine industries. Headquartered in Singapore, ATS has offices in China, Vietnam, and Qatar.*

*For more information, please visit our website at: [www.aqua-terra.com](http://www.aqua-terra.com)*

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