

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (“FY”) 2017

*This announcement has been prepared by United Global Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

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Background

United Global Limited (together with its subsidiaries, the “**Group**”) was listed on Catalist of the SGX-ST on 8 July 2016. The Group is an established independent lubricant manufacturer and trader providing a wide range of high quality, well-engineered lubricants under its in-house brands such as “United Oil”, “U Star Lube”, “Bell1”, “HydroPure” and “Ichiro” as well as manufacturing lubricants for third-party principals’ brands. The Group’s other core business is in the trading of base oils, additives and lubricants. The Group supplies lubricant products globally to over 30 countries and it mainly serves the automotive, industrial and marine sectors.

The Company was incorporated in Singapore on 15 September 2015 under the Companies Act as an exempted private company, under the name of “United Global Pte. Ltd.”. On 14 June 2016, the Company was converted into a public limited company and the name was changed to “United Global Limited”. Following the completion of the restructuring exercise (the “**Restructuring Exercise**”) as disclosed in the Company’s offer document dated 28 June 2016 (the “**Offer Document**”), the Company became the holding company of its subsidiary, United Oil Company Pte Ltd. Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purpose of this announcement, the comparative figures for financial results of the Group for FY2016 have been prepared on the assumption that the Group’s structure had been in place since 1 January 2016.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Y-Y	Ref
	Unaudited FY2017 US\$'000	Audited FY2016 US\$'000	Increase/ (Decrease) %	
Revenue	99,825	91,542	9.0%	8.1.1
Cost of sales	(81,318)	(77,313)	5.2%	8.1.2
Gross profit	18,507	14,229	30.1%	8.1.2
Other income	1,714	87	1870.1%	8.1.3
Distribution cost	(2,470)	(1,647)	50.0%	8.1.4
Administrative expenses	(6,837)	(5,039)	35.7%	8.1.5
Other expenses	(40)	(616)	-93.5%	8.1.6
Share of profit of joint ventures	7	-	NM	
Finance costs	(277)	(107)	158.9%	8.1.7
Profit before tax	10,604	6,907	53.5%	8.1.8
Income tax expense	(1,353)	(1,261)	7.3%	8.1.9
Profit for the year	9,251	5,646	63.9%	
Profit attributable to:				
Equity holders of the Company	9,172	5,646		
Non-controlling interests	79	-		
	9,251	5,646		
Profit for the year	9,251	5,646		
<i>Other comprehensive income:</i>				
Currency translation differences arising from consolidation	(272)	-		
Remeasurement of defined benefit obligation	4	-		
Total comprehensive income for the year	8,983	5,646		
Total comprehensive income attributable to:				
Equity holders of the Company	8,915	5,646		
Non-controlling interests	68	-		
	8,983	5,646		

NM : Not meaningful

1(a)(ii) Profit before tax is arrived after charging / (crediting) the following:

Charging / (crediting):-	Unaudited FY2017 US\$'000	Audited FY2016 US\$'000	Change Increase / (Decrease) %
Allowance for doubtful debts - trade	-	50	NM
Depreciation of property, plant and equipment	404	146	176.7%
Depreciation of investment properties	42	-	100.0%
Amortisation of customer relationships	53	-	100.0%
Foreign exchanges loss, net	293	343	(14.6%)
Gain on disposal of property, plant and equipment	(4)	(3)	33.3%
Interest income	(79)	(25)	216.0%
Interest on borrowings	277	107	158.9%
Listing expenses taken to profit or loss	-	616	NM
Negative goodwill to consolidation	(1,358)	-	100.0%
Over provision of current tax in prior years	(106)	(36)	194.4%

NM : Not meaningful

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Group		Ref	Company	
	Unaudited 31.12.2017 US\$'000	Audited 31.12.2016 US\$'000		Unaudited 31.12.2017 US\$'000	Audited 31.12.2016 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	10,555	14,275		62	849
Trade receivables	19,064	12,761		-	-
Other receivables	825	319		10,181	8,517
Inventories	13,064	4,452		-	-
Total current assets	43,508	31,807	8.2.1	10,243	9,366
Non-current assets					
Property, plant and equipment	8,135	2,243		296	-
Investment properties	1,936	-		-	-
Intangible assets	758	61		-	-
Investment in subsidiary	-	-		13,831	5,640
Investment in joint ventures	179	78		-	-
Deferred tax assets	159	-		-	-
Other receivable	2,000	-		-	-
Total non-current assets	13,167	2,382	8.2.2	14,127	5,640
TOTAL ASSETS	56,675	34,189		24,370	15,006
EQUITY AND LIABILITIES					
Current liabilities					
Bank borrowings	8,930	2,986		-	-
Finance leases	57	-		32	-
Trade payables	6,659	7,575		-	-
Other payables	2,905	2,070		778	461
Amount due to director	2,240	2,240		-	-
Current tax payable	1,387	1,351		161	34
Total current liabilities	22,178	16,222	8.2.3	971	495
Non-current liabilities					
Bank borrowings	21	-		-	-
Finance leases	152	-		148	-
Retirement benefits obligations	437	-		-	-
Deferred tax liability	230	130		9	-
Total non-current liabilities	840	130	8.2.4	157	-
Equity					
Share capital	21,425	13,233		21,425	13,233
Reserve	(3,413)	(3,156)		-	-
Retained earnings	14,758	7,760		1,817	1,278
Equity attributable to owners of the Company	32,770	17,837		23,242	14,511
Non-controlling interests	887	-		-	-
Total equity	33,657	17,837	8.2.5	23,242	14,511
TOTAL EQUITY AND LIABILITIES	56,675	34,189		24,370	15,006

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group	
	As at 31.12.2017	As at 31.12.2016
	US\$'000	US\$'000
- Total bank borrowings		
Amount repayable in one year or less, or on demand (secured and guaranteed)	8,987	2,986
Amount repayable after one year (secured and guaranteed)	173	-
Total	9,160	2,986

The Group does not have any unsecured borrowings and debt securities as at 31 December 2016 and 31 December 2017.

Details of any collaterals:

The Group's borrowings as at 31 December 2017 comprise of bank loans and revolving credits, trade bills and finance leases.

Bank borrowings of US\$9.2 million as at 31 December 2017 (31 December 2016: US\$3.0 million) obtained by subsidiaries is secured by one or several of (i) fixed deposits of US\$1.4 million (31 December 2016: US\$2.0 million) and (ii) mortgage over leasehold properties located at Singapore and Indonesia.

Hire purchase facilities are secured against the respective motor vehicles.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group	
	Unaudited FY2017 US\$'000	Audited FY2016 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,604	6,907
Adjustments for:		
Share of profit of joint ventures	(7)	-
Depreciation of property, plant and equipment	404	146
Gain on disposal of property, plant and equipment	(4)	(3)
Depreciation of investment properties	42	-
Amortisation of customer relationships	53	-
Negative goodwill	(1,358)	-
Interest expense	277	107
Interest income	(79)	(25)
Allowance for doubtful debts-trade	-	50
Operating cash flows before movements in working capital	<u>9,932</u>	<u>7,182</u>
Trade receivables	2,388	(783)
Other receivables	368	(357)
Trade payables	(10,744)	2,665
Other payables	428	331
Inventories	<u>4,108</u>	<u>(1,150)</u>
Cash generated from operations	6,480	7,888
Income tax paid	(1,738)	(1,249)
Interest received	79	25
Interest paid	<u>(277)</u>	<u>(107)</u>
Net cash from operating activities	<u>4,544</u>	<u>6,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(13)	-
Proceeds from disposal of property, plant and equipment	72	101
Purchase of property, plant and equipment	(853)	(510)
Purchase of investment properties	(5)	-
Acquisition of subsidiary	(3,288)	-
Acquisition on investment in joint ventures	(94)	(78)
Advances to joint venture	<u>(2,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(6,181)</u>	<u>(487)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	31,457	31,521
Repayment of bank borrowings	(31,231)	(31,706)
Repayments of obligation under finance leases	(10)	-
Repayment of amount due to director	-	(708)
Decrease (increase) in pledged fixed deposits	611	(220)
Proceed on issuance of shares	-	7,931
Dividend paid	<u>(2,174)</u>	<u>(8,042)</u>
Net cash used in financing activities	<u>(1,347)</u>	<u>(1,224)</u>

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

	Group	
	Unaudited	Audited
	FY2017	FY2016
	US\$'000	US\$'000
Net (decrease) increase in cash and cash equivalents	(2,984)	4,846
Effect of exchange rate changes on cash and cash equivalents	(125)	-
Cash and cash equivalents at beginning of year	12,228	7,382
Cash and cash equivalents at end of year	9,119	12,228
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	9,045	7,725
Fixed deposits	1,510	6,550
	10,555	14,275
Less: Restricted cash (pledged fixed deposits)	(1,436)	(2,047)
Cash and cash equivalents per consolidated statements of cash flows	9,119	12,228

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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<u>Group</u>	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	2,484	-	-	-	3,156	5,640	-	5,640
Profit for the year, representing total comprehensive income for the year	-	-	-	-	5,646	5,646	-	5,646
<i>-Transaction with owners, recognised directly in equity:</i>								
Issue of new Shares pursuant to the Restructuring exercise	5,640	-	-	-	-	5,640	-	5,640
Adjustment arising from the Restructuring Exercise	(2,484)	(3,156)	-	-	-	(5,640)	-	(5,640)
Issue of new Shares pursuant to IPO	7,593	-	-	-	-	7,593	-	7,593
Dividends paid to owner of the Company	-	-	-	-	(1,042)	(1,042)	-	(1,042)
Balance at 31 December 2016	13,233	(3,156)	-	-	7,760	17,837	-	17,837
Profit for the year	-	-	-	-	9,172	9,172	79	9,251
Other comprehensive loss	-	-	7	(264)	-	(257)	(11)	(268)
Total comprehensive income (loss) for the year	-	-	7	(264)	9,172	8,915	68	8,983
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid	-	-	-	-	(2,174)	(2,174)	-	(2,174)
Arising from acquisition of subsidiary	-	-	-	-	-	-	819	819
Issue of new share pursuant to acquisition of subsidiary	8,192	-	-	-	-	8,192	-	8,192
Balance at 31 December 2017	21,425	(3,156)	7	(264)	14,758	32,770	887	33,657

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company								
Balance at 1 January 2016	#	-	-	-	-	-	-	#
Profit for the year, representing total comprehensive income for the year	-	-	-	-	2,320	2,320	-	2,320
<i>-Transaction with owners, recognised directly in equity</i>								
Dividends	-	-	-	-	(1,042)	(1,042)	-	(1,042)
Issue of new Shares pursuant to the Restructuring exercise	5,640	-	-	-	-	5,640	-	5,640
Issue of new Shares pursuant to IPO (net of listing expenses taken to equity)	7,593	-	-	-	-	7,593	-	7,593
Balance at 31 December 2016	13,233	-	-	-	1,278	14,511	-	14,511
Profit for the year, representing total comprehensive income for the year	-	-	-	-	2,713	2,713	-	2,713
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends	-	-	-	-	(2,174)	(2,174)	-	(2,174)
Issue of new share pursuant to acquisition of subsidiary	8,192	-	-	-	-	8,192	-	8,192
Balance at 31 December 2017	21,425	-	-	-	1,817	23,242	-	23,242

Denotes less than US\$1,000.

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Number of issued Shares	Issued and paid-up share capital US\$'000
Balance as at 31 December 2016	282,812,360	13,233
Issue of new share pursuant to acquisition of subsidiary	33,399,000	8,192
Balance as at 31 December 2017	316,211,360	21,425

United Global Performance Share Plan

The Company had on 14 June 2016 adopted the United Global Performance Share Plan (“PSP”). The Company has not granted any awards under the PSP as at the date of this announcement.

Save as disclosed above, the Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 December 2017 and 31 December 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary share (excluding treasury shares) as at 31 December 2017 was 316,211,360 (as at 31 December 2016: 282,812,360).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during the year ended and as at 31 December 2017.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during the year ended and as at 31 December 2017.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor 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.

Except as disclosed in item 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2016. The financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the combined financial statement of the Group, as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

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.

On 1 January 2017, the Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and the Interpretations of Financial Reporting Standards ("Interpretations FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and Interpretations FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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.

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2017 and 31 December 2016.

	Group	
	FY2017	FY2016
Earnings per ordinary share for the financial period:-		
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	<u>3.1 cents</u>	<u>2.2 cents</u>
(ii) On fully diluted basis (US\$ cents)	<u>3.1 cents</u>	<u>2.2 cents</u>
Weighted average number of shares (in '000)	<u>297,911</u>	<u>260,711</u>

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016
Net asset value (US\$'000)	32,770	17,837	23,242	14,511
Number of ordinary share in issue (in '000)	316,211	282,812	316,211	282,812
Net asset value per ordinary share (US\$ cents)	10.4 cents	6.3 cents	7.4 cents	5.1 cents

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.**

Review of Group's Performance

8.1.1 *Revenue*

<u>Revenue</u>	FY2017		FY2016		Change
	US\$'000	%	US\$'000	%	Increase/ (Decrease) %
Manufacturing	79,478	79.6	50,741	55.4	56.6
Trading	20,347	20.4	40,801	44.6	(50.1)
Group	99,825	100.0	91,542	100.0	9.0

Review of Group's Performance (continue)

For the FY2017, the Group's recorded a maiden 6-months contribution from PT Pacific Lubritama Indonesia ("PLI") which was acquired by the Group on 20 July 2017. The revenue contribution from PLI are all recorded in the manufacturing business segment.

The Group had in the past, and has been continuously selling raw materials (categorised under the trading business segment) and certain finished products with minimal volume (categorised under the manufacturing business segment) to PLI. The consolidation of PLI's accounts since July 2017 eliminates the inter-group cross selling, thereby reducing both the revenue and sales volume (particularly under the trading business segment) from the Group's existing business in Singapore.

For FY2017, revenue increased by US\$8.3 million or 9.0%, from US\$91.5 million in FY2016 to US\$99.8 million in FY2017. This was due to an increase in revenue from the manufacturing business segment of US\$28.7 million or 56.6%. The increase was partially offset by a decrease in revenue from the trading business segment of US\$20.4 million or 50.1%.

Manufacturing

Revenue from our manufacturing business segment increased mainly due to an increase in sales volume contributed by PLI. The decrease in average selling price from our manufacturing business segment in FY2017 was mainly due to the lower average selling price of PLI, as PLI has different product mix compared to our Singapore plant.

Trading

The drop in revenue from the trading business segment was mainly due to decrease in sales volume as a result of elimination of the inter-group base oil and additives cross selling from our Singapore plant to PLI. The increase in the selling price in trading business segment was also due to the higher base oil price during the year.

Geographical analysis

Geographically, the increase in revenue was mainly attributable to the increase in revenue contribution from Indonesia, Other Asian Countries and Singapore of US\$9.9 million, US\$4.4 million, and US\$0.8 million respectively in FY2017. This was partially offset by a decrease in revenue contribution by Greater China and Myanmar of US\$3.4 million and US\$2.8 million respectively in FY2017.

Revenue from Indonesia increased by US\$9.9 million or 31.6% in FY2017, due to consolidation of PLI's accounts since July 2017 which contributed to our manufacturing business segment. Revenue from Greater China decreased by US\$3.4 million or 22.3% in FY2017, mainly due to decrease in manufacturing revenue as a result of lower sales volume.

8.1.2 *Cost of Sales and Gross Profit*

	FY2017		FY2016		Change
	US\$'000	%	US\$'000	%	Increase/ (Decrease)
<u>Gross profit</u>					%
Manufacturing	17,097	92.4	12,039	84.6	42.0
Trading	1,410	7.6	2,190	15.4	(35.6)
Group	<u>18,507</u>	100.0	<u>14,229</u>	100.0	30.1
<u>Gross profit margin</u>	FY2017		FY2016		
	%		%		
Manufacturing	21.5		23.7		
Trading	6.9		5.4		
Group	18.5		15.5		

Cost of sales increased by US\$4.0 million or 5.2%, from US\$77.3 million in FY2016 to US\$81.3 million in FY2017. This was mainly due to increase in the cost of raw materials which is in line with the increase in revenue in our manufacturing business segment.

Our overall gross profit increased by US\$4.3 million or 30.1%, from US\$14.2 million in FY2016 to US\$18.5 million in FY2017.

Our overall gross profit margins improved by 3.0 percentage point, from 15.5% in FY2016 to 18.5% in FY2017 due mainly to higher contribution from our manufacturing business segment. The increase in the margin of our trading business segment was mainly due to lower cost of purchase of base oils in FY2017. The Group recorded a 2.2 percentage point decrease in gross profit margin in our manufacturing business segment, from 23.7% in FY2016 to 21.5% in FY2017, mainly due to different product mix in FY2017.

8.1.3 *Other Income*

Other income increased by US\$1.6 million mainly due to recognition of a non-recurring negative goodwill of approximately US\$1.4 million, arising from the acquisition of PLI in FY2017.

8.1.4 *Distribution Cost*

Our distribution cost increased by US\$0.8 million or 50.0%, from US\$1.6 million in FY2016 to US\$2.5 million in FY2017, mainly due to higher freight and transportation costs and the inclusion of PLI's 6-months distribution cost.

8.1.5 *Administrative Expenses*

Our administrative expenses increased by US\$1.8 million or 35.7%, from US\$5.0 million in FY2016 to US\$6.8 million in FY2017, mainly due to inclusion of PLI's 6-months administrative expenses, higher professional and directors' fees incurred in conjunction with the initial public offering of the Company ("IPO") since July 2016, and higher staff payroll costs.

8.1.6 *Other Expenses*

Other expenses in FY2016 comprise of one-off IPO expenses charged to the profit or loss account. Other expenses in current year comprise of depreciation of investment properties.

8.1.7 *Finance Costs*

Our finance costs increased by approximately US\$0.2 million or 158.9%, from US\$0.1 million in FY2016 to US\$0.3 million in FY2017, mainly due to inclusion of PLI's 6-months borrowing costs.

8.1.8 *Profit before Tax ("PBT")*

Our PBT increased by US\$3.7 million or 53.5%, from US\$6.9 million in FY2016 to US\$10.6 million in FY2017. This was mainly due to (i) increases in gross profit (ii) non-recurring negative goodwill and (iii) an absence of one-off IPO expenses charged to the profit or loss account, and partially offset by increases in distribution cost and administrative expenses.

8.1.9 *Income Tax Expenses*

Income tax expenses increased by US\$0.1 million or 7.3%, from US\$1.3 million in FY2016 to US\$1.4 million in FY2017. This was mainly due to higher PBT in FY2017.

Review of Statements of Financial Position

PLI's post acquisition results and balance sheets items have been consolidated in the Group's balance sheet as at 31 December 2017.

8.2.1 *Current Assets*

Current assets comprise of cash and cash equivalents, trade receivables, other receivables and inventories.

As at 31 December 2017, current assets amounted to US\$43.5 million or 76.7% of our total assets. Trade receivables was the largest component of our current assets, accounting for US\$19.1 million or 43.8% of our current assets. Inventories accounting for US\$13.1 million or 30.0% of our current assets and comprised raw materials, finished products and work-in-progress. Cash and cash equivalents accounted for US\$10.6 million or 24.3% of our current assets. The remaining balance of current assets comprised other receivables of US\$0.8 million.

Inventory turnover days increases from 18 days as at 31 December 2016 to 39 days as at 31 December 2017 mainly due to higher stock holdings at our Indonesia plant.

8.2.2 *Non-Current Assets*

Non-current assets comprise of property, plant and equipment, investment properties, intangible assets, investment in joint ventures, deferred tax assets and other receivable.

As at 31 December 2017, non-current assets amounted to US\$13.2 million or 23.2% of our total assets.

Property, plant and equipment amounted to US\$8.1 million or 61.8% of our non-current assets, comprising mainly leasehold property, machinery and equipment, motor vehicles, renovation, and construction-in-progress. The other receivable refers to shareholder's loan to joint venture of US\$2.0 million. Investment properties comprise of leasehold buildings and land. Intangible assets comprise of customer relationships and club membership. The remaining balance of non-current assets comprised of investment in joint ventures and deferred tax assets of US\$0.3 million.

8.2.3 *Current Liabilities*

Current liabilities comprise of short-term bank borrowings, finance leases, trade payables, other payables, amount due to director and current tax payable.

As at 31 December 2017, current liabilities amounted to US\$22.1 million or 96.3% of our total liabilities.

Current liabilities increased by US\$5.9 million from US\$16.2 million as at 31 December 2016 to US\$22.1 million as at 31 December 2017. The increase was mainly due to an increase in short-term bank borrowings of US\$5.9 million for working capital requirements, and an increase in other payables due to higher accrued operating expenses. The increase was partially offset by a decrease in trade payables of US\$0.9 million due to consolidation of PLI, where trade payables of the Group owing by PLI has been eliminated after the acquisition.

8.2.4 *Non-Current Liabilities*

Non-current liabilities comprises bank borrowings, finance lease, retirement benefits obligations and deferred tax liability. Increase in non-current liabilities was mainly due to the inclusion of PLI's retirement benefits obligations.

8.2.5 *Equity*

As at 31 December 2017, equity amounted to US\$33.7 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$15.8 million in equity was due to increase in the share capital account as a result of the new shares issued in relation to the acquisition of PLI, recognition of profit for the year of US\$9.2 million, and partially offset by the dividend payments of US\$2.2 million.

Review of Statements of Cash Flows

In FY2017, net cash from operating activities before changes in working capital amounted to US\$9.9 million while net cash used in working capital amounted to US\$3.2 million. This was mainly due to (i) increase from trade receivables of US\$2.4 million; (ii) increase from inventories of US\$4.1 million; and (iii) decrease from trade payables of US\$10.8 million. The Group paid income tax of US\$1.7 million in FY2017. The net cash generated from operating activities amounted to US\$4.5 million in FY2017.

Net cash used in investing activities increased from US\$0.5 million in FY2016 to US\$6.2 million in FY2017, mainly due to acquisition of PLI, advances to joint venture and purchase of property, plant and equipment.

Net cash used in financing activities of US\$1.3 million in FY2017 was mainly due to the repayment of bank borrowings of US\$31.2 million and the dividend payment of US\$2.2 million partially offset by the proceeds from bank borrowings of US\$31.5 million and decrease in pledged fixed deposits of US\$0.6 million.

As a result of the above, there was a net decrease of US\$3.0 million in our cash and cash equivalents, from US\$12.2 million as at 1 January 2017 to US\$9.1 million as at 31 December 2017.

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

Not applicable. There was no forecast or prospect statements previously disclosed to shareholders.

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.

Our Group's businesses depend on markets and economic conditions in the Asia-Pacific region and the overall business conditions in this region are expected to remain challenging. The Group expects volatile prices of our key raw material - base oil in the months ahead.

The Group will continue to focus its efforts in controlling raw material costs, remain cautious in our investment approach to explore opportunities to further expand and diversify our business through investments, acquisitions and/or joint ventures with parties who can create value for shareholders.

The Group has in July 2017 completed the acquisition of PT Pacific Lubritama Indonesia ("PLI"). In FY2018, the Group will be recognising a full year result of PLI.

Meanwhile, the Group is in the process of setting up the manufacturing site in Indonesia, for our new nano-fibres oil absorbent joint venture business. The production trial run is scheduled to be carried out in 2nd quarter 2018 and we will keep shareholders updated of any material developments.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

FY2017	
Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend per share	0.7 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)
Total number of issued shares as at the date of this announcement (excluding treasury shares)	316,211,360
Total amount payable	S\$2.21 million (or approximate US\$1.66 million)

An interim dividend of 0.5 Singapore cents (tax exempt (one-tier)) per share was paid on 5 September 2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

FY2016	
Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend per share	0.5 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)
Total number of issued shares (excluding treasury shares)	282,812,360
Total amount paid	S\$1.4 million (or approximate US\$1.0 million)

An interim dividend of 0.5 Singapore cents (tax exempt (one-tier)) per share was paid on 5 September 2016.

(c) Date payable

The final dividend of 0.7 Singapore cents per share in respect of the financial year ended 31 December 2017, if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company to be held, will be paid on 21 May 2018.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 9 May 2018 for the purpose of determining member's entitlements to the proposed final dividend. Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 8 May 2018 will be registered to determine member's entitlement to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 8 May 2018 will be entitled to the proposed final dividend. In respect of shares in securities accounts with CDP, the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to such holders in accordance with its normal practice.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has an existing general mandate from shareholders for interested person transactions in relation to (i) sale of base oils, additives and lubricants to PLI and (ii) purchase of processed additives and lubricants from PLI (“**Shareholders’ Mandate**”) which has been effective since 8 July 2016, upon the IPO, and renewed at the annual general meeting held on 27 April 2017.

As stated in the circular dated 6 June 2017 for the proposed acquisition of 95% of total issued and paid-up shares of PLI (“**Proposed Acquisition**”), upon completion of the Proposed Acquisition, the transactions entered into between the Group and PLI will no longer be considered as interested person transactions. The completion of the Proposed Acquisition has taken place on 20 July 2017. Accordingly, the Group will no longer be required to adhere to the guidelines and review procedures imposed under the Shareholder’s Mandate for the transactions entered into with PLI with effect from 20 July 2017.

During the FY2017, interested person transactions exceeding S\$100,000 in aggregate under review are disclosed as follows:

	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders’ Mandate) (US\$’000)	Aggregate value of all interested person transactions conducted under Shareholders’ Mandate (excluding transactions less than S\$100,000) (US\$’000)
<u>Transactions with PLI</u>		
Sale of base oils	-	16,089
Sale of additives	-	2,972
Sale of finished products (lubricants)	-	273
Purchase of processed additives	-	1,651
Purchase of finished products (lubricants)	-	647
<u>Transactions with companies and its associates owned by Edy Wiranto (Non-executive Chairman)</u>		
Sales of goods and services	107	-
Purchase of goods and services	142	-

14. Confirmation by the board pursuant to Rule 705(5) of the Catalist Rules

Not applicable to announcement of full-year results.

15. Confirmation by the directors and executive officers pursuant to Rule 720(1) of the Catalist Rules

The Board of Directors hereby confirms that all required undertakings pursuant to Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating 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.

The following is an analysis of the Group's revenue and results by business segment:

	<u>Manufacturing</u>		<u>Trading</u>		<u>Total</u>	
	<u>FY2017</u> US\$'000	<u>FY2016</u> US\$'000	<u>FY2017</u> US\$'000	<u>FY2016</u> US\$'000	<u>FY2017</u> US\$'000	<u>FY2016</u> US\$'000
Total revenue	79,478	50,741	20,347	40,801	99,825	91,542
Segment results	17,097	12,039	1,410	2,190	18,507	14,229
Amortisation of intangible assets					(53)	-
Depreciation of plant and equipment (excluding machinery)					(113)	(36)
Gain on disposal of plant and equipment					4	3
Negative goodwill					1,358	-
Interest income					79	25
Finance costs					(277)	(107)
Other expenses (IPO expenses charged to the profit & loss)					-	(616)
Allowance for doubtful debts					-	(50)
Other unallocated expenses					(8,901)	(6,541)
Profit before tax					10,604	6,907
Income tax expense					(1,353)	(1,261)
Profit for the year					9,251	5,646

The Group's revenue from external customers by geographical location are detailed below:

	<u>FY2017</u>	<u>FY2016</u>
	US\$	US\$
Based on location of customers		
Indonesia	41,171	31,275
Singapore	14,939	14,126
Other Asian countries	11,964	7,599
Greater China	11,818	15,217
Oceania countries	8,074	8,647
Malaysia	7,763	8,280
Myanmar	2,058	4,859
Others	2,038	1,539
Total	<u>99,825</u>	<u>91,542</u>

Information about major customers

In FY2017, the Group has only one major customer ("PLI") (2016: one) that individually contributed greater than 10% of the Group's total revenue. The Group had acquired PLI in July 2017, hence revenue to PLI for the period from July 2017 to December 2017 is not regarded as sales to external customer.

Included in revenue arising from manufacturing segment of US\$79.5 million (FY2016: US\$50.7 million) are revenue of approximately US\$0.3 million (FY2016: US\$0.6 million) which arose from sales to PLI, prior to the acquisition of PLI.

Included in revenue arising from trading segment of US\$20.3 million (FY2016: US\$40.8 million) are revenue of approximately US\$16.9 million (FY2016: US\$30.4 million) which arose from sales to PLI prior to the acquisition of PLI.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

18. Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year

	<u>Group</u>		
	<u>FY2017</u>	<u>FY2016</u>	<u>Increase</u>
	US\$'000	US\$'000	%
(a) Sales reported for first half year	45,815	42,307	8.3
(b) Operating profit after income tax for first half year	3,639	2,722	33.7
(c) Sales reported for second half year	54,010	49,235	9.7
(d) Operating profit after income tax reported for second half year	5,612	2,924	91.9

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

Total distribution paid and proposed in respect of the financial year ended 31 December 2017 is 1.2 Singapore cents per share in cash (FY2016: 1.0 Singapore cents).

	FY2017 US\$'000	FY2016 US\$'000	Increase %
<i>(a) Ordinary</i>			
- Interim cash dividend (paid)	1,161	1,042	11.4%
- Final cash dividend (proposed)	1,656	1,013	63.5%
<i>(b) Preference</i>			
	-	-	-
Total	2,817	2,055	37.1%

Estimated based on share capital of 316,211,360 ordinary shares (excluding treasury shares) at the end of the financial year, based on the estimated exchange rate of US\$1: S\$1.337.

20. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10)

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Shawn Tan	42	Brother of Jacky Tan Thuan Hor, Executive Director/ CEO of the Company	Deputy General Manager since 2011. He is responsible for assisting our executive directors and general manager in overseeing all operational aspects of the business.	No changes during the year.
Herry Defjan	48	Brother-in-law of Ety Wiranto, Executive Director, and Edy Wiranto, Non-executive Chairman of the Company	Director of PLI since 2003. He is responsible in overseeing all operational aspects of the business of PLI.	No changes during the year.
Willy Budidharma	54	Brother-in-law of Edy Wiranto, Non-executive Chairman of the Company	Business Development Manager of PLI since 2015. Responsible in managing distributors of PLI in East Indonesia region.	No changes during the year.

BY ORDER OF THE BOARD OF DIRECTORS

Tan Thuan Hor, Jacky
Executive Director / Chief Executive Officer

28 February 2018