
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER (“3Q”) 2018

*This announcement has been prepared by United Global Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), 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.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in 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” 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.

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 | | | Group | | | Ref |
|---|--------------------|--------------------|------------|-------------------|-------------------|------------|-------|
| | Three months ended | Three months ended | Increase/ | Nine months ended | Nine months ended | Increase/ | |
| | Unaudited | Unaudited | (Decrease) | Unaudited | Unaudited | (Decrease) | |
| | 3Q2018 | 3Q2017 | (Decrease) | 9M2018 | 9M2017 | (Decrease) | |
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % | |
| Revenue | 26,942 | 22,781 | 18.3% | 82,443 | 68,596 | 20.2% | 8.1.1 |
| Cost of sales | (21,657) | (18,027) | 20.1% | (67,324) | (55,975) | 20.3% | 8.1.2 |
| Gross profit | 5,285 | 4,754 | 11.2% | 15,119 | 12,621 | 19.8% | 8.1.2 |
| Other income | 67 | 1,446 | (95.4%) | 225 | 1,618 | (86.1%) | 8.1.3 |
| Distribution cost | (711) | (663) | 7.2% | (2,205) | (1,703) | 29.5% | 8.1.4 |
| Administrative expenses | (2,327) | (1,991) | 16.9% | (6,716) | (4,558) | 47.3% | 8.1.5 |
| Other expenses | (19) | (21) | (9.5%) | (61) | (21) | >100% | 8.1.6 |
| Share of profit/(loss) of joint ventures | 22 | (2) | NM | 23 | 3 | >100% | |
| Finance costs | (63) | (138) | (54.3%) | (206) | (210) | (1.9%) | 8.1.7 |
| Profit before tax | 2,254 | 3,385 | (33.4%) | 6,179 | 7,750 | (20.3%) | 8.1.8 |
| Income tax expense | (394) | (355) | 11.0% | (1,156) | (1,081) | 6.9% | |
| Profit for the period | 1,860 | 3,030 | (38.6%) | 5,023 | 6,669 | (24.7%) | |
| Profit attributable to: | | | | | | | |
| Equity holders of the Company | 1,846 | 2,991 | (38.3%) | 4,984 | 6,630 | (24.8%) | |
| Non-controlling interests | 14 | 39 | NM | 39 | 39 | - | |
| | 1,860 | 3,030 | (38.6%) | 5,023 | 6,669 | (24.7%) | |
| Profit for the period | 1,860 | 3,030 | (38.6%) | 5,023 | 6,669 | (24.7%) | |
| <i>Other comprehensive loss:</i> | | | | | | | |
| Currency translation differences arising from consolidation | (589) | (473) | 24.5% | (1,623) | (473) | >100% | |
| Remeasurement of defined benefit obligation | - | (68) | NM | - | (68) | NM | |
| Total comprehensive income for the period | 1,271 | 2,489 | (48.9%) | 3,400 | 6,128 | (44.5%) | |
| Total comprehensive income attributable to: | | | | | | | |
| Equity holders of the Company | 1,287 | 2,504 | (48.6%) | 3,442 | 6,143 | (44.0%) | |
| Non-controlling interests | (16) | (15) | NM | (42) | (15) | NM | |
| | 1,271 | 2,489 | (48.9%) | 3,400 | 6,128 | (44.5%) | |

NM : Not meaningful

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

| | Group | | | Group | | |
|--|-----------------------------------|--------------------|-------------|----------------------------------|--------------------|-------------|
| | Three months ended (Unaudited) | | | Nine months ended (Unaudited) | | |
| | 3Q2018 US\$'000 | 3Q2017 US\$'000 | Change % | 9M2018 US\$'000 | 9M2017 US\$'000 | Change % |
| Charging / (crediting):- | | | | | | |
| Amortisation of customer relationships | 26 | 26 | - | 79 | 26 | >100% |
| Depreciation of property, plant and equipment | 238 | 150 | 58.7% | 539 | 257 | >100% |
| Depreciation of investment properties | 19 | 21 | (9.5%) | 61 | 21 | >100% |
| Foreign exchanges loss, net | 465 | 272 | 71.0% | 1,115 | 154 | >100% |
| Gain on bargain purchase | - | (1,358) | NM | - | (1,358) | NM |
| Interest income | (15) | (37) | (59.5%) | (49) | (63) | (22.2%) |
| Interest on borrowings | 63 | 138 | (54.3%) | 206 | 210 | (1.9%) |
| Loss/(gain) on disposal of property, plant and equipment | - | - | - | 2 | (3) | NM |

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 30.09.2018 US\$'000 | Audited 31.12.2017 US\$'000 | | Unaudited 30.09.2018 US\$'000 | Audited 31.12.2017 US\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 6,700 | 10,555 | | 125 | 62 |
| Trade receivables | 18,727 | 19,064 | | - | - |
| Other receivables | 1,709 | 825 | | 9,148 | 10,181 |
| Inventories | 15,729 | 13,064 | | - | - |
| Total current assets | 42,865 | 43,508 | 8.2.1 | 9,273 | 10,243 |
| Non-current assets | | | | | |
| Other receivable | 3,000 | 2,000 | | - | - |
| Property, plant and equipment | 10,147 | 8,135 | | 278 | 296 |
| Investment properties | 1,819 | 1,936 | | - | - |
| Intangible assets | 679 | 758 | | - | - |
| Investment in subsidiaries | - | - | | 13,841 | 13,831 |
| Investment in joint ventures | 324 | 179 | | - | - |
| Deferred tax assets | 129 | 159 | | - | - |
| Total non-current assets | 16,098 | 13,167 | 8.2.2 | 14,119 | 14,127 |
| TOTAL ASSETS | 58,963 | 56,675 | | 23,392 | 24,370 |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank borrowings | 8,032 | 8,930 | | - | - |
| Finance leases | 39 | 57 | | 29 | 32 |
| Trade payables | 6,142 | 6,659 | | - | - |
| Other payables | 6,452 | 2,905 | | 1,499 | 778 |
| Amount due to director | 2,240 | 2,240 | | - | - |
| Current tax payable | 1,024 | 1,387 | | 2 | 161 |
| Total current liabilities | 23,929 | 22,178 | 8.2.3 | 1,530 | 971 |
| Non-current liabilities | | | | | |
| Bank borrowings | 19 | 21 | | - | - |
| Finance leases | 124 | 152 | | 124 | 148 |
| Retirement benefits obligations | 431 | 437 | | - | - |
| Deferred tax liabilities | 238 | 230 | | 9 | 9 |
| Total non-current liabilities | 812 | 840 | 8.2.4 | 133 | 157 |
| Equity | | | | | |
| Share capital | 21,425 | 21,425 | | 21,425 | 21,425 |
| Reserves | (4,955) | (3,413) | | - | - |
| Retained earnings | 16,907 | 14,758 | | 304 | 1,817 |
| Equity attributable to owners of the Company | 33,377 | 32,770 | | 21,729 | 23,242 |
| Non-controlling interests | 845 | 887 | | - | - |
| Total equity | 34,222 | 33,657 | 8.2.5 | 21,729 | 23,242 |
| TOTAL EQUITY AND LIABILITIES | 58,963 | 56,675 | | 23,392 | 24,370 |

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 30.09.2018 | As at 31.12.2017 |
| | US\$'000 | US\$'000 |
| - Total bank borrowings | | |
| Amount repayable in one year or less, or on demand (secured and guaranteed) | 8,071 | 8,987 |
| Amount repayable after one year (secured and guaranteed) | 143 | 173 |
| Total | 8,214 | 9,160 |

The Group does not have any unsecured borrowings and debt securities as at 31 December 2017 and 30 September 2018.

Details of any collaterals:

The Group's borrowings as at 30 September 2018 comprise of bank loans and revolving credits, trade bills and finance leases.

Borrowings of US\$8.2 million as at 30 September 2018 (31 December 2017: US\$9.2 million) obtained by subsidiaries is secured by one or several of (i) fixed deposits of US\$1.4 million (31 December 2017: US\$1.4 million) and (ii) mortgage over leasehold properties located at Singapore and Indonesia.

Finance lease 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 | | Group | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Unaudited 3Q2018 US\$'000 | Unaudited 3Q2017 US\$'000 | Unaudited 9M2018 US\$'000 | Unaudited 9M2017 US\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | 2,254 | 3,385 | 6,179 | 7,750 |
| Adjustments for: | | | | |
| Share of (profit)/loss of joint ventures | (22) | 2 | (23) | (3) |
| Depreciation of property, plant and equipment | 238 | 150 | 539 | 257 |
| Loss/(gain) on disposal of property, plant and equipment | - | - | 2 | (3) |
| Depreciation of investment properties | 19 | 21 | 61 | 21 |
| Amortisation of intangible assets | 26 | 26 | 79 | 26 |
| Gain on bargain purchase | - | (1,358) | - | (1,358) |
| Interest expense | 63 | 138 | 206 | 210 |
| Interest income | (15) | (37) | (49) | (63) |
| Operating cash flows before movements in working capital | 2,563 | 2,327 | 6,994 | 6,837 |
| Trade receivables | (1,547) | 10,161 | 337 | 5,797 |
| Other receivables | 243 | (317) | (145) | (227) |
| Trade payables | 364 | (9,410) | (517) | (12,225) |
| Other payables | 895 | 1,709 | 791 | 1,251 |
| Inventories | 1,421 | 1,595 | (2,665) | 568 |
| Cash generated from operations | 3,939 | 6,065 | 4,795 | 2,001 |
| Income tax paid | (625) | (754) | (2,105) | (1,454) |
| Interest received | 15 | 37 | 49 | 63 |
| Interest paid | (63) | (138) | (206) | (210) |
| Net cash generated from operating activities | 3,266 | 5,210 | 2,533 | 400 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of intangible assets | - | (1) | - | (14) |
| Purchase of property, plant and equipment | (129) | (147) | (668) | (308) |
| Acquisition of subsidiary | - | (3,288) | - | (3,288) |
| Acquisition on investment in joint venture | - | - | (123) | - |
| Advances to joint venture | - | - | (1,000) | - |
| Net cash used in investing activities | (129) | (3,436) | (1,791) | (3,610) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from bank borrowings | 5,219 | 5,996 | 24,669 | 24,541 |
| Repayment of bank borrowings | (5,535) | (9,645) | (25,569) | (24,429) |
| Repayments of obligation under finance leases | (14) | - | (46) | - |
| (Increase)/decrease in pledged fixed deposits | (14) | (8) | (20) | 611 |
| Dividend paid | (1,160) | (1,161) | (2,836) | (2,174) |
| Net cash used in financing activities | (1,504) | (4,818) | (3,802) | (1,451) |

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

| | Group | | Group | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Unaudited 3Q2018 US\$'000 | Unaudited 3Q2017 US\$'000 | Unaudited 9M2018 US\$'000 | Unaudited 9M2017 US\$'000 |
| Net increase/(decrease) in cash and cash equivalents | 1,633 | (3,044) | (3,060) | (4,661) |
| Effect of exchange rate changes on cash and cash equivalents | (337) | (435) | (815) | (435) |
| Cash and cash equivalents at beginning of period | 3,947 | 10,611 | 9,118 | 12,228 |
| Cash and cash equivalents at end of period | 5,243 | 7,132 | 5,243 | 7,132 |
| Consolidated cash and cash equivalents are represented by: | | | | |
| Cash and bank balances | 5,176 | 7,058 | 5,176 | 7,058 |
| Fixed deposits | 1,523 | 1,510 | 1,523 | 1,510 |
| | 6,699 | 8,568 | 6,699 | 8,568 |
| Less: Restricted cash (pledged fixed deposits) | (1,456) | (1,436) | (1,456) | (1,436) |
| Cash and cash equivalents per consolidated statements of cash flows | 5,243 | 7,132 | 5,243 | 7,132 |

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

| | Share capital | Merger reserve | Pension reserve | Translation reserve | Retained earnings | Equity attributable to owners of the Company | Non-controlling interests | Total |
|---|---------------|----------------|-----------------|---------------------|-------------------|--|---------------------------|----------|
| <u>Group</u> | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1 January 2017 | 13,233 | (3,156) | - | - | 7,760 | 17,837 | - | 17,837 |
| Profit for the period, representing total comprehensive income for the period | - | - | - | - | 3,640 | 3,640 | - | 3,640 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owner of the Company | - | - | - | - | (1,013) | (1,013) | - | (1,013) |
| Balance at 30 June 2017 | 13,233 | (3,156) | - | - | 10,387 | 20,464 | - | 20,464 |
| Profit for the period | - | - | - | - | 2,991 | 2,991 | 39 | 3,030 |
| Other comprehensive loss | - | - | (59) | (428) | - | (487) | (54) | (541) |
| Total comprehensive (loss)/income for the period | - | - | (59) | (428) | 2,991 | 2,504 | (15) | 2,489 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owners of the Company | - | - | - | - | (1,161) | (1,161) | - | (1,161) |
| Arising from acquisition of subsidiary | - | - | - | - | - | - | 819 | 819 |
| Issue of share pursuant to acquisition of subsidiary | 8,192 | - | - | - | - | 8,192 | - | 8,192 |
| Balance at 30 September 2017 | 21,425 | (3,156) | (59) | (428) | 12,217 | 29,999 | 804 | 30,803 |

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

| Group | 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 2018 | 21,425 | (3,156) | 7 | (264) | 14,758 | 32,770 | 887 | 33,657 |
| Profit for the period | - | - | - | - | 3,138 | 3,138 | 26 | 3,164 |
| Other comprehensive loss | - | - | - | (983) | - | (983) | (52) | (1,035) |
| Total comprehensive (loss)/income for the period | - | - | - | (983) | 3,138 | 2,155 | (26) | 2,129 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owners of the Company | - | - | - | - | (1,676) | (1,676) | - | (1,676) |
| Balance at 30 June 2018 | 21,425 | (3,156) | 7 | (1,247) | 16,220 | 33,249 | 861 | 34,110 |
| Profit for the period | - | - | - | - | 1,846 | 1,846 | 14 | 1,860 |
| Other comprehensive loss | - | - | - | (559) | - | (559) | (30) | (589) |
| Total comprehensive (loss)/income for the period | - | - | - | (559) | 1,846 | 1,287 | (16) | 1,271 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owners of the Company | - | - | - | - | (1,159) | (1,159) | - | (1,159) |
| Balance at 30 September 2018 | 21,425 | (3,156) | 7 | (1,806) | 16,907 | 33,377 | 845 | 34,222 |

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 2017 | 13,233 | - | - | - | 1,278 | 14,511 | - | 14,511 |
| Profit for the period, representing total comprehensive income for the period | - | - | - | - | 961 | 961 | - | 961 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owners of the Company | - | - | - | - | (1,013) | (1,013) | - | (1,013) |
| Balance at 30 June 2017 | 13,233 | - | - | - | 1,226 | 14,459 | - | 14,459 |
| Profit for the period, representing total comprehensive income for the period | - | - | - | - | 158 | 158 | - | 158 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends paid to owners of the Company | - | - | - | - | (1,161) | (1,161) | - | (1,161) |
| Issue of share pursuant to acquisition of subsidiary | 8,192 | - | - | - | - | 8,192 | - | 8,192 |
| Balance at 30 September 2017 | 21,425 | - | - | - | 223 | 21,648 | - | 21,648 |

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 2018 | 21,425 | - | - | - | 1,817 | 23,242 | - | 23,242 |
| Profit for the period, representing total comprehensive income for the period | - | - | - | - | 1,221 | 1,221 | - | 1,221 |
| <i>-Transaction with owners, recognised directly in equity:</i> | | | | | | | | |
| Dividends | - | - | - | - | (1,676) | (1,676) | - | (1,676) |
| Balance at 30 June 2018 | 21,425 | - | - | - | 1,362 | 22,787 | - | 22,787 |
| Profit for the period, representing total comprehensive income for the period | - | - | - | - | 101 | 101 | - | 101 |
| Dividends paid to owners of the Company | - | - | - | - | (1,159) | (1,159) | - | (1,159) |
| Balance at 30 September 2018 | 21,425 | - | - | - | 304 | 21,729 | - | 21,729 |

- 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.**

During the nine months ended 30 September 2018, there has been no change in the issued and paid-up share capital of the Company. There are also no 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.

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 30 September 2018 and 30 September 2017.

- 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 shares (excluding treasury shares) as at 30 September 2018 was 316,211,360 (as at 31 December 2017: 316,211,360).

- 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 period ended and as at 30 September 2018.

- 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 period ended and as at 30 September 2018.

- 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 2017.

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.

The Group will be adopting Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for the financial year ending 31 December 2018. SFRS(I) 1 First-time Adoption of SFRS(I) will be applied for the first set of SFRS(I) financial statements. SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers are effective for the Group from 1 January 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ending 31 December 2018 are expected to be the same as those disclosed in Note 3 of the audited financial statements for the year ended 31 December 2017, except for the changes in accounting policies due to the application of SFRS(I) 9 and SFRS(I) 15. Please refer to Note 3 of the audited financial statements for the year ended 31 December 2017 for further details on the effects arising from the application of SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for financial year ending 31 December 2018.

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 30 September 2018 and 30 September 2017.

| | Group | | | |
|---|------------------|---------------|------------------|---------------|
| | 3Q2018 | 3Q2017 | 9M2018 | 9M2017 |
| Earnings per ordinary share for the financial period:- | | | | |
| (i) Based on weighted average number of ordinary shares in issue (US\$ cents) | 0.6 cents | 1.0 cents | 1.6 cents | 2.3 cents |
| (ii) On fully diluted basis (US\$ cents) | 0.6 cents | 1.0 cents | 1.6 cents | 2.3 cents |
| Weighted average number of shares (in '000) | 316,211 | 309,314 | 316,211 | 291,743 |

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 30.09.2018 | As at 31.12.2017 | As at 30.09.2018 | As at 31.12.2017 |
| Net asset value (US\$'000) | 33,377 | 32,770 | 21,729 | 23,242 |
| Number of ordinary share in issue (in '000) | 316,211 | 316,211 | 316,211 | 316,211 |
| Net asset value per ordinary share (US\$ cents) | 10.6 cents | 10.4 cents | 6.9 cents | 7.4 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> | 3Q2018 US\$'000 | 3Q2017 US\$'000 | Q-Q | 9M2018 US\$'000 | 9M2017 US\$'000 | Y-Y |
|-----------------------|----------------------------------|----------------------------------|--|----------------------------------|----------------------------------|--|
| | | | Change Increase/ (Decrease) % | | | Change Increase/ (Decrease) % |
| Manufacturing | 25,913 | 22,337 | 16.0 | 80,273 | 49,345 | 62.7 |
| Trading | 1,029 | 444 | 131.8 | 2,170 | 19,251 | (88.7) |
| Group | 26,942 | 22,781 | 18.3 | 82,443 | 68,596 | 20.2 |

For the 9M2018, the revenue increased by US\$13.8 million or 20.2%, from US\$68.6 million for 9M2017 to US\$82.4 million for 9M2018. In 9M2018, the Group recorded a 9-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 under the manufacturing business segment.

Prior to the acquisition of PLI, the Group had sold 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.

Review of Group's Performance (continued)

For 3Q2018, revenue increased by US\$4.2 million or 18.3%, from US\$22.8 million in 3Q2017 to US\$26.9 million in 3Q2018. This was due to an increase in revenue from the manufacturing business segment of US\$3.6 million or 16.0%, and increase in revenue from the trading business segment of US\$0.6 million or 131.8%.

Manufacturing

For 3Q2018, revenue from our manufacturing business segment increased mainly due to an increase in sales volume and in average selling price. The higher sales volume was mainly contributed by our Singapore plant. The increase in average selling price from our manufacturing business segment in 3Q2018 was mainly due to the higher average selling price of our Indonesia plant due to a different product mix.

Trading

For 3Q2018, revenue from our trading business segment increased mainly due to an increase in sales volume and in average selling price.

8.1.2 *Cost of Sales and Gross Profit*

| | 3Q2018 | 3Q2017 | Q-Q Change Increase/ (Decrease) | 9M2018 | 9M2017 | Y-Y Change Increase/ (Decrease) |
|---------------------|--------------|--------------|--|---------------|---------------|--|
| <u>Gross profit</u> | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| Manufacturing | 5,153 | 4,712 | 9.4 | 14,880 | 11,351 | 31.1 |
| Trading | 132 | 42 | 214.3 | 239 | 1,270 | (81.2) |
| Group | <u>5,285</u> | <u>4,754</u> | 11.2 | <u>15,119</u> | <u>12,621</u> | 19.8 |

| | 3Q2018 | 3Q2017 | 9M2018 | 9M2017 |
|----------------------------|----------|----------|----------|----------|
| <u>Gross profit margin</u> | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Manufacturing | 19.9 | 21.1 | 18.5 | 23.0 |
| Trading | 12.8 | 9.5 | 11.0 | 6.6 |
| Group | 19.6 | 20.9 | 18.3 | 18.4 |

Cost of sales increased by US\$3.6 million or 20.1%, from US\$18.0 million in 3Q2017 to US\$21.7 million in 3Q2018. This was mainly due to an 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\$0.5 million or 11.2%, from US\$4.8 million in 3Q2017 to US\$5.3 million in 3Q2018.

Our overall gross profit margins decreased by 1.3 percentage points, from 20.9% in 3Q2017 to 19.6% in 3Q2018 due mainly to decrease in gross profit margin from our manufacturing business segment. The Group recorded a 1.2 percentage points decrease in gross profit margin in our manufacturing business segment, from 21.1% in 3Q2017 to 19.9% in 3Q2018, mainly due to different product mix, and more competitive pricing in 3Q2018.

8.1.3 Other Income

Higher other income in 3Q2017 was mainly due to recognition of a non-recurring gain on bargain purchase of approximately US\$1.4 million, arising from the acquisition of PLI in 3Q2017. There was no such income incurred in 3Q2018.

8.1.4 Distribution Cost

Our distribution cost remained largely unchanged in 3Q2018.

8.1.5 Administrative Expenses

Our administrative expenses increased by US\$0.3 million or 16.9%, from US\$2.0 million in 3Q2017 to US\$2.3 million in 3Q2018, mainly due to foreign exchange loss in 3Q2018 that arose from translation differences on the United States Dollars denominated liabilities, being mainly trade and other payables, to the functional currency of each group entity.

8.1.6 Other Expenses

Other expenses in current period comprise of depreciation of investment properties held by PLI.

8.1.7 Finance Costs

Our finance costs decreased by approximately US\$75,000 or 54.3%, from US\$138,000 in 3Q2017 to US\$63,000 in 3Q2018. This was mainly due to the Group's repayment of its higher interest-bearing borrowings in Indonesia subsequent to the acquisition of PLI and refinancing its borrowings in Singapore which resulted in lower borrowing costs.

8.1.8 Profit before Tax ("**PBT**")

Our PBT decreased by US\$1.1 million or 33.4%, from US\$3.4 million in 3Q2017 to US\$2.3 million in 3Q2018. This was mainly due to decreases in other income and higher administrative expenses partially offset by higher gross profit.

Review of Statements of Financial Position

8.2.1 Current Assets

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

As at 30 September 2018, current assets amounted to US\$42.9 million or 72.7% of our total assets. Trade receivables was the largest component of our current assets, accounting for US\$18.7 million or 43.7% of our current assets. Inventories accounted for US\$15.7 million or 36.7% of our current assets and comprised raw materials, finished products and work-in-progress. Cash and bank balances accounted for US\$6.7 million or 15.6% of our current assets. The remaining balance of current assets comprised other receivables of US\$1.7 million.

Current assets decreased by US\$0.6 million from US\$43.5 million as at 31 December 2017 to US\$42.9 million as at 30 September 2018. The decrease was mainly due to a decrease in (i) cash and bank balances of US\$3.9 million; and (ii) trade receivables of US\$0.3 million. The decrease was partially offset by an increase in inventories of US\$2.7 million due to higher storage of raw materials.

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 30 September 2018, non-current assets amounted to US\$16.1 million or 27.3% of our total assets.

The other receivable refers to shareholder's loan to joint venture of US\$3.0 million. Property, plant and equipment amounted to US\$10.1 million or 63.0% of our non-current assets, comprising mainly leasehold properties, machinery and equipment, motor vehicles and renovation. The increase in property, plant and equipment was mainly due to addition of machinery and equipment for the oil-absorbing nano fibre business. Investment properties comprise of leasehold buildings and land. Intangible assets comprise of customer relationships and club membership. Increase in investment in joint ventures was mainly due to additional investment in the joint venture entities of Taiwan and Australia. The remaining balance of non-current assets of US\$0.4 million comprised deferred tax assets.

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 30 September 2018, current liabilities amounted to US\$23.9 million or 96.7% of our total liabilities.

Current liabilities increased by US\$1.7 million from US\$22.2 million as at 31 December 2017 to US\$23.9 million as at 30 September 2018. The increase was mainly due to higher other payables owing to our joint venture entity for purchase of machines and equipment supplies, and partially offset by a decrease in bank borrowings of US\$0.9 million due to repayment during the period.

8.2.4 Non-Current Liabilities

Non-current liabilities comprises bank borrowings, finance leases, retirement benefits obligations and deferred tax liabilities, which remains largely unchanged from the balance as at 31 December 2017.

8.2.5 Equity

As at 30 September 2018, equity amounted to US\$34.2 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$0.6 million in equity was due to recognition of profit for the period, partially offset by the dividend payment of US\$2.8 million.

Review of Statements of Cash Flows

In 3Q2018, net cash from operating activities before changes in working capital amounted to US\$2.6 million while net cash generated from working capital amounted to US\$1.4 million. This was mainly due to (i) decrease from inventories of US\$1.4 million; (ii) increase from other payables of US\$0.9 million; and (iii) partially offset by the increase from trade receivables of US\$1.6 million. The Group paid income tax of US\$0.6 million in 3Q2018. The net cash generated from operating activities amounted to US\$3.3 million in 3Q2018.

Net cash used in investing activities in 3Q2018 was mainly due to purchases of plant and equipment of US\$0.1 million.

Net cash used in financing activities of US\$1.5 million in 3Q2018 was mainly due to the repayment of bank borrowings of US\$5.5 million and dividend paid of US\$1.2 million, partially offset by the proceeds from bank borrowings of US\$5.2 million.

The cash and cash equivalents amounted to US\$5.2 million as at 30 September 2018.

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 market environments are expected to remain challenging. Under this environment, the Group will continue to be diligent and disciplined in controlling the costs as well as manage our raw materials costs.

Our new nano-fibres oil absorbent joint venture business has been commercialised in 3Q2018. The joint venture company will continue to widen the products range and cross-sell the oil absorbent via the Group's existing distribution network.

Recently, the Group announced the signing of non-binding memorandum of understanding with Spain's Repsol Lubricantes Y Especialidades, S.A ("**Repsol**"). Repsol is presently working on the feasibility study on the Group's lubricants businesses to explore the acquisition of an equity stake in United Oil Company Pte Ltd, a wholly-owned subsidiary of the Company (the "**Project**"). The Company will make appropriate announcements in the event when there are any material developments in respect of the Project.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the current financial period reported on.

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 not obtained any general mandate from shareholders for interested person transactions at the annual general meeting held on 30 April 2018.

During the 9M2018, 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 Edy Wiranto (Non-executive Chairman) and his associates, and companies owned by Edy Wiranto and his associates</u> | | |
| Sales of goods, services and rental income | 46 | - |
| Purchases of goods, service and rental cost | 157 | - |

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

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results for the nine-months financial period ended 30 September 2018 to be false or misleading in any material aspect.

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.

BY ORDER OF THE BOARD OF DIRECTORS

Tan Thuan Hor, Jacky
Executive Director / Chief Executive Officer

9 November 2018