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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE (“2Q”) 2019**

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*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**”). 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/	Six months ended	Six months ended	Increase/	
	Unaudited	Unaudited	(Decrease)	Unaudited	Unaudited	(Decrease)	
	2Q2019	2Q2018	(Decrease)	6M2019	6M2018	(Decrease)	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%	
<b>Revenue</b>	<b>39,439</b>	24,529	60.8%	<b>63,285</b>	55,501	14.0%	8.1.1
Cost of sales	(34,101)	(20,548)	66.0%	(53,208)	(45,667)	16.5%	8.1.2
<b>Gross profit</b>	<b>5,338</b>	3,981	34.1%	<b>10,077</b>	9,834	2.5%	8.1.2
Other income	112	75	49.3%	354	158	>100%	8.1.3
Distribution cost	(716)	(662)	8.2%	(1,244)	(1,494)	(16.7%)	8.1.4
Administrative expenses	(1,841)	(2,215)	(16.9%)	(3,516)	(4,388)	(19.9%)	8.1.5
Other expenses	(17)	(21)	(19.0%)	(37)	(42)	(11.9%)	8.1.6
Share of profit/(loss) of joint ventures	51	(6)	NM	15	1	>100%	
Finance costs	(38)	(69)	(44.9%)	(103)	(143)	(28.0%)	
<b>Profit before tax</b>	<b>2,889</b>	1,083	>100%	<b>5,546</b>	3,926	41.3%	8.1.7
Income tax expense	(432)	(185)	>100%	(919)	(762)	20.6%	8.1.8
<b>Profit for the period</b>	<b>2,457</b>	898	>100%	<b>4,627</b>	3,164	46.2%	
<i>Other comprehensive income:</i>							
Currency translation differences arising from consolidation	137	(769)	NM	426	(1,035)	NM	
<b>Total comprehensive income for the period</b>	<b>2,594</b>	129	>100%	<b>5,053</b>	2,129	>100%	
<b>Profit attributable to:</b>							
Equity holders of the Company	2,443	911	>100%	4,589	3,138	46.2%	
Non-controlling interests	14	(13)	NM	38	26	46.2%	
	<b>2,457</b>	898	>100%	<b>4,627</b>	3,164	46.2%	
<b>Total comprehensive income attributable to:</b>							
Equity holders of the Company	2,573	181	>100%	5,000	2,155	>100%	
Non-controlling interests	21	(52)	NM	53	(26)	NM	
	<b>2,594</b>	129	>100%	<b>5,053</b>	2,129	>100%	

NM : Not meaningful

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

	Group			Group		
	Three months ended (Unaudited)			Six months ended (Unaudited)		
	2Q2019 US\$'000	2Q2018 US\$'000	Change %	6M2019 US\$'000	6M2018 US\$'000	Change %
<b>Charging / (crediting):-</b>						
Amortisation of customer relationships	26	26	NM	53	53	NM
Depreciation of property, plant and equipment	251	142	76.8%	510	301	69.4%
Depreciation of investment properties	17	21	(19.0%)	37	42	(11.9%)
Foreign exchanges (gain)/loss, net	(94)	400	NM	(278)	649	NM
Loss on disposal of property, plant and equipment	-	-	NM	-	2	NM
Gain on disposal of investment properties	(20)	-	NM	(20)	-	NM
Interest income	(10)	(15)	(33.3%)	(13)	(34)	(61.8%)
Interest on borrowings	38	69	(44.9%)	103	143	(28.0%)

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 30.6.2019 US\$'000	Audited 31.12.2018 US\$'000		Unaudited 30.6.2019 US\$'000	Audited 31.12.2018 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	12,543	7,536		1,885	530
Trade receivables	22,896	18,531		-	-
Other receivables	5,266	3,319		9,914	9,134
Tax recoverable	832	713		-	-
Inventories	12,968	15,073		-	-
<b>Total current assets</b>	<b>54,505</b>	<b>45,172</b>	8.2.1	<b>11,799</b>	<b>9,664</b>
<b>Non-current assets</b>					
Other receivables	-	1,000		-	-
Property, plant and equipment	10,013	10,328		381	271
Investment properties	1,164	1,855		-	-
Intangible assets	600	653		-	-
Investment in subsidiaries	-	-		14,426	14,251
Investment in joint ventures	583	569		-	-
Deferred tax assets	121	118		-	-
<b>Total non-current assets</b>	<b>12,481</b>	<b>14,523</b>	8.2.2	<b>14,807</b>	<b>14,522</b>
<b>TOTAL ASSETS</b>	<b>66,986</b>	<b>59,695</b>		<b>26,606</b>	<b>24,186</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Bank borrowings	13,334	7,145		-	-
Finance leases	34	37		34	33
Trade payables	4,138	4,818		-	-
Other payables	5,972	5,835		1,473	742
Amount due to director	-	2,240		-	-
Current tax payable	1,283	1,326		1	16
<b>Total current liabilities</b>	<b>24,761</b>	<b>21,401</b>	8.2.3	<b>1,508</b>	<b>791</b>
<b>Non-current liabilities</b>					
Finance leases	95	111		95	111
Retirement benefits obligations	517	476		-	-
Deferred tax liabilities	358	344		6	6
<b>Total non-current liabilities</b>	<b>970</b>	<b>931</b>	8.2.4	<b>101</b>	<b>117</b>
<b>Equity</b>					
Share capital	21,425	21,425		21,425	21,425
Reserves	(4,084)	(4,495)		-	-
Retained earnings	22,949	19,522		3,572	1,853
Equity attributable to owners of the Company	40,290	36,452		24,997	23,278
Non-controlling interests	965	911		-	-
<b>Total equity</b>	<b>41,255</b>	<b>37,363</b>	8.2.5	<b>24,997</b>	<b>23,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66,986</b>	<b>59,695</b>		<b>26,606</b>	<b>24,186</b>

**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:**

	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>- Total bank borrowings</b>		
Amount repayable in one year or less, or on demand (secured and guaranteed)	<b>13,368</b>	7,182
Amount repayable after one year (secured and guaranteed)	<b>95</b>	111
<b>Total</b>	<b>13,463</b>	7,293

The Group does not have any unsecured borrowings and debt securities as at 31 December 2018 and 30 June 2019.

**Details of any collaterals:**

The Group's borrowings as at 30 June 2019 comprise of revolving credits, trade bills and finance leases.

Borrowings of US\$13.5 million as at 30 June 2019 (31 December 2018: US\$7.3 million) obtained by subsidiaries is secured by one or several of (i) fixed deposits of US\$1.5 million (31 December 2018: US\$1.5 million) and (ii) mortgage over leasehold property located at Singapore.

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 2Q2019 US\$'000	Unaudited 2Q2018 US\$'000	Unaudited 6M2019 US\$'000	Unaudited 6M2018 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	2,889	1,083	5,546	3,926
Adjustments for:				
Share of loss/(profit) of joint ventures	(51)	6	(15)	(1)
Depreciation of property, plant and equipment	251	142	510	301
Loss on disposal of property, plant and equipment	-	-	-	2
Gain on disposal of investment properties	(20)	-	(20)	-
Depreciation of investment properties	17	21	37	42
Amortisation of intangible assets	26	26	53	53
Interest expense	38	69	103	143
Interest income	(10)	(15)	(13)	(34)
Operating cash flows before movements in working capital	3,140	1,332	6,201	4,432
Trade receivables	(6,080)	1,852	(4,107)	1,884
Other receivables	158	148	472	(390)
Trade payables	(2,141)	(2,510)	(975)	(881)
Other payables	275	(30)	37	(104)
Inventories	2,324	(3,630)	2,380	(4,086)
Cash (used in)/generated from operations	(2,324)	(2,838)	4,008	855
Income tax paid	(682)	(1,113)	(1,050)	(1,479)
Interest received	10	15	13	34
Interest paid	(38)	(69)	(103)	(143)
Net cash (used in)/generated from operating activities	(3,034)	(4,005)	2,868	(733)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	38	-	75	-
Purchase of property, plant and equipment	(58)	(351)	(85)	(539)
Acquisition on investment in joint ventures	-	(26)	-	(123)
Advances to joint venture	(37)	-	(670)	(1,000)
Net cash used in investing activities	(57)	(377)	(680)	(1,662)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank borrowings	14,444	12,302	21,205	19,450
Repayments of bank borrowings	(6,269)	(10,961)	(15,017)	(20,035)
Repayments of obligation under finance leases	(8)	(22)	(19)	(32)
Increase in pledged fixed deposits	(7)	(6)	(7)	(6)
Repayment of loan from a director	(2,240)	-	(2,240)	-
Dividend paid	(1,162)	(1,676)	(1,162)	(1,676)
Net cash from/(used in) financing activities	4,758	(363)	2,760	(2,299)

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)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Group		Group	
	Unaudited 2Q2019 US\$'000	Unaudited 2Q2018 US\$'000	Unaudited 6M2019 US\$'000	Unaudited 6M2018 US\$'000
Net increase/(decrease) in cash and cash equivalents	1,667	(4,745)	4,948	(4,694)
Effect of exchange rate changes on cash and cash equivalents	16	(225)	52	(478)
Cash and cash equivalents at beginning of period	9,397	8,916	6,080	9,118
<b>Cash and cash equivalents at end of period</b>	<b>11,080</b>	<b>3,946</b>	<b>11,080</b>	<b>3,946</b>
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	11,009	3,877	11,009	3,877
Fixed deposits	1,534	1,512	1,534	1,512
	12,543	5,389	12,543	5,389
Less: Restricted cash (pledged fixed deposits)	(1,463)	(1,443)	(1,463)	(1,443)
Cash and cash equivalents per consolidated statements of cash flows	11,080	3,946	11,080	3,946

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

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
<b>Balance at 1 January 2018</b>	21,425	(3,156)	7	(264)	14,758	32,770	887	33,657
Profit for the period	-	-	-	-	2,227	2,227	39	2,266
Other comprehensive loss	-	-	-	(253)	-	(253)	(13)	(266)
Total comprehensive (loss)/income for the period	-	-	-	(253)	2,227	1,974	26	2,000
<b>Balance at 31 March 2018</b>	<b>21,425</b>	<b>(3,156)</b>	<b>7</b>	<b>(517)</b>	<b>16,985</b>	<b>34,744</b>	<b>913</b>	<b>35,657</b>
Profit for the period	-	-	-	-	911	911	(13)	898
Other comprehensive loss	-	-	-	(730)	-	(730)	(39)	(769)
Total comprehensive (loss)/income for the period	-	-	-	(730)	911	181	(52)	129
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,676)	(1,676)	-	(1,676)
<b>Balance at 30 June 2018</b>	<b>21,425</b>	<b>(3,156)</b>	<b>7</b>	<b>(1,247)</b>	<b>16,220</b>	<b>33,249</b>	<b>861</b>	<b>34,110</b>



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
<b>Balance at 1 January 2019</b>	21,425	(3,156)	(7)	(1,332)	19,522	36,452	911	37,363
Profit for the period	-	-	-	-	2,146	2,146	24	2,170
Other comprehensive income	-	-	-	281	-	281	8	289
Total comprehensive income for the period	-	-	-	281	2,146	2,427	32	2,459
<b>Balance at 31 March 2019</b>	<b>21,425</b>	<b>(3,156)</b>	<b>(7)</b>	<b>(1,051)</b>	<b>21,668</b>	<b>38,879</b>	<b>943</b>	<b>39,822</b>
Profit for the period	-	-	-	-	2,443	2,443	14	2,457
Other comprehensive income	-	-	-	130	-	130	7	137
Total comprehensive income for the period	-	-	-	130	2,443	2,573	21	2,594
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,162)	(1,162)	-	(1,162)
Arising from acquisition of subsidiary	-	-	-	-	-	-	1	1
<b>Balance at 30 June 2019</b>	<b>21,425</b>	<b>(3,156)</b>	<b>(7)</b>	<b>(921)</b>	<b>22,949</b>	<b>40,290</b>	<b>965</b>	<b>41,255</b>

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
<b>Company</b>								
<b>Balance at 1 January 2018</b>	21,425	-	-	-	1,817	23,242	-	23,242
Profit for the period, representing total comprehensive income for the period	-	-	-	-	174	174	-	174
<b>Balance at 31 March 2018</b>	<b>21,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,991</b>	<b>23,416</b>	<b>-</b>	<b>23,416</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	1,047	1,047	-	1,047
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,676)	(1,676)	-	(1,676)
<b>Balance at 30 June 2018</b>	<b>21,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,362</b>	<b>22,787</b>	<b>-</b>	<b>22,787</b>
<b>Balance at 1 January 2019</b>	21,425	-	-	-	1,853	23,278	-	23,278
Profit for the period, representing total comprehensive income for the period	-	-	-	-	78	78	-	78
<b>Balance at 31 March 2019</b>	<b>21,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,931</b>	<b>23,356</b>	<b>-</b>	<b>23,356</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	2,803	2,803	-	2,803
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,162)	(1,162)	-	(1,162)
<b>Balance at 30 June 2019</b>	<b>21,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,572</b>	<b>24,997</b>	<b>-</b>	<b>24,997</b>

- 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 six months financial period ended 30 June 2019, there has been no change in the issued and paid-up share capital of the Company. There is 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 period.

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 June 2019 and 31 December 2018.

- 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 June 2019 was 316,211,360 (as at 31 December 2018: 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 June 2019.

- 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 June 2019.

- 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 2018.

**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 accounting policies applied for the financial statements for the period ended 30 June 2019 are same as those disclosed in the audited financial statements for the year ended 31 December 2018, except for the changes in accounting policies due to the application of SFRS(I) 16 *Leases* and SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*. Please refer to Note 2 of the audited financial statements for the year ended 31 December 2018 for further details on the effects arising from the application of SFRS(I) 16 *Leases* and SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* for financial period ended 30 June 2019.

**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 June 2019 and 30 June 2018.

	<b>Group</b>			
	<b>2Q2019</b>	<b>2Q2018</b>	<b>6M2019</b>	<b>6M2018</b>
Earnings per ordinary share for the financial period				
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	<b>0.8 cents</b>	0.3 cents	<b>1.5 cents</b>	1.0 cents
(ii) On fully diluted basis (US\$ cents)	<b>0.8 cents</b>	0.3 cents	<b>1.5 cents</b>	1.0 cents
Weighted average number of shares (in '000)	<b>316,211</b>	316,211	<b>316,211</b>	316,211

**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.

	<b>Group</b>		<b>Company</b>	
	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
Net asset value (US\$'000)	<b>40,290</b>	36,452	<b>24,997</b>	23,278
Number of ordinary share in issue (in '000)	<b>316,211</b>	316,211	<b>316,211</b>	316,211
Net asset value per ordinary share (US\$ cents)	<b>12.7 cents</b>	11.5 cents	<b>7.9 cents</b>	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

	2Q2019 US\$'000	2Q2018 US\$'000	Q-Q Change Increase/ (Decrease) %	6M2019 US\$'000	6M2018 US\$'000	Y-Y Change Increase/ (Decrease) %
<b>Revenue</b>						
Manufacturing	21,642	24,112	(10.2)	41,589	54,360	(23.5)
Trading	17,797	417	>100	21,696	1,141	>100
Group	<b>39,439</b>	<b>24,529</b>	<b>60.8</b>	<b>63,285</b>	<b>55,501</b>	<b>14.0</b>

For the 6M2019, the revenue increased by US\$7.8 million or 14.0%, from US\$55.5 million in 6M2018 to US\$63.3 million in 6M2019. For the 2Q2019, revenue increased by US\$14.9 million or 60.8%, from US\$24.5 million in 2Q2018 to US\$39.4 million in 2Q2019. This was due to an increase in revenue from the trading business segment of US\$17.4 million. The increase was partially offset by a decrease in revenue from the manufacturing business segment of US\$2.5 million.

**Manufacturing**

For 2Q2019, revenue from our manufacturing business segment decreased mainly due to a decrease in sales volume. The decrease in revenue was partially offset by an increase in our average selling price. The lower sales volume was mainly attributable to the slower business in our Indonesia plant.

**Trading**

The increase in revenue for the trading business segment was mainly due to an increase in sales volume during the period as for the interim, goods exported to joint venture partner was procured by the Group and hence recorded in the trading segment until the financing arrangement in the joint venture entity is put in place.

8.1.2 Cost of Sales and Gross Profit

	2Q2019 US\$'000	2Q2018 US\$'000	Q-Q Change Increase/ (Decrease) %	6M2019 US\$'000	6M2018 US\$'000	Y-Y Change Increase/ (Decrease) %
<b>Gross profit</b>						
Manufacturing	5,090	3,950	28.9	9,751	9,727	0.2
Trading	248	31	>100	326	107	>100
Group	<b>5,338</b>	<b>3,981</b>	<b>34.1</b>	<b>10,077</b>	<b>9,834</b>	<b>2.5</b>

**Review of Group's Performance (continued)**

	<b>2Q2019</b>	<b>2Q2018</b>	<b>6M2019</b>	<b>6M2018</b>
<b><u>Gross profit margin</u></b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Manufacturing	<b>23.5</b>	<b>16.4</b>	<b>23.4</b>	<b>17.9</b>
Trading	<b>1.4</b>	<b>7.4</b>	<b>1.5</b>	<b>9.4</b>
Group	<b>13.5</b>	<b>16.2</b>	<b>15.9</b>	<b>17.7</b>

Cost of sales increased by US\$13.6 million or 66.0%, from US\$20.5 million in 2Q2018 to US\$34.1 million in 2Q2019. This was mainly due to increase in the cost of raw materials which is in line with the increase in revenue in our trading business segment.

Our overall gross profit increased by US\$1.4 million or 34.1%, from US\$4.0 million in 2Q2018 to US\$5.3 million in 2Q2019.

Our overall gross profit margin decreased by 2.7 percentage point, from 16.2% in 2Q2018 to 13.5% in 2Q2019 mainly due to lower gross profit margin from our trading business segment, due to the lower average trading selling price achieved during the quarter. The Group recorded a 7.1 percentage points increase in gross profit margin for our manufacturing business segment, from 16.4% in 2Q2018 to 23.5% in 2Q2019, mainly due to lower raw materials cost in 2Q2019.

**8.1.3 Other Income**

Our other income increased by US\$37,000, from approximately US\$75,000 in 2Q2018 to US\$112,000 in 2Q2019, which was mainly due to insurance claims.

**8.1.4 Distribution Cost**

Our distribution cost increased by US\$54,000 or 8.2%, from US\$662,000 in 2Q2018 to US\$716,000 in 2Q2019, mainly due to higher freight and transportation costs in line with the increase in revenue during the period.

**8.1.5 Administrative Expenses**

Our administrative expenses decreased by US\$0.4 million or 16.9%, from US\$2.2 million in 2Q2018 to US\$1.8 million in 2Q2019, mainly due to foreign exchange gain in 2Q2019 amounting to US\$94,000 instead of foreign exchange loss in 2Q2018 amounting to US\$400,000 which mainly arose from translation differences on the United States Dollars denominated liabilities, on 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 our Indonesia plant.

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

Our PBT increased by US\$1.8 million or 161.9%, from US\$1.1 million in 2Q2018 to US\$2.8 million in 2Q2019. This was mainly due to an increase in gross profit, reduction in administration expenses while partially offset by higher distribution cost.

**8.1.8 Income Tax Expenses**

Income tax expenses increased by US\$247,000 or 133.5%, from US\$185,000 in 2Q2018 to US\$432,000 in 2Q2019. This was mainly due to higher PBT in 2Q2019.

## **Review of Statements of Financial Position**

### *8.2.1 Current Assets*

Current assets increased by US\$9.3 million from US\$45.2 million as at 31 December 2018 to US\$54.5 million as at 30 June 2019. The increase was mainly due to an increase in (i) cash and bank balances of US\$5.0 million; (ii) trade receivables of US\$4.4 million mainly due to higher revenue and (iii) other receivables of US\$1.9 million mainly due to reclassification of non-current receivable to current receivables of shareholder's loan to joint venture of US\$1.0 million. The increase was mainly was partially offset by a decrease in inventories of US\$2.1 million which was due to lower storage of raw materials.

### *8.2.2 Non-Current Assets*

Non-current assets decreased by US\$2.0 million from US\$14.5 million as at 31 December 2018 to US\$12.5 million as at 30 June 2019. The decrease was mainly due to a decrease in (i) property, plant and equipment of US\$0.3 million mainly due to depreciation charged during the period; and (ii) investment properties of US\$0.7 million mainly due to disposal of an investment property in our Indonesia plant.

### *8.2.3 Current Liabilities*

Current liabilities increased by US\$3.4 million from US\$21.4 million as at 31 December 2018 to US\$24.8 million as at 30 June 2019. The increase was mainly due an increase in bank borrowings of US\$6.2 million for working capital requirements. The increase was partially offset by (i) full repayment of loan from director of US\$2.2 million; and (ii) trade payables of US\$0.7 million million during the period.

### *8.2.4 Non-Current Liabilities*

Non-current liabilities comprises bank borrowings, retirement benefits obligations and deferred tax liabilities, which remains largely unchanged from the balance as at 31 December 2018.

### *8.2.5 Equity*

As at 30 June 2019, equity amounted to US\$41.2 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$3.8 million in equity was due to recognition of profit of US\$4.6 million for the period, partially offset by the dividend payment of US\$1.2 million.

## **Review of Statements of Cash Flows**

In 2Q2019, net cash from operating activities before changes in working capital amounted to US\$3.1 million while net cash used in working capital amounted to US\$5.5 million. This was mainly due to (i) increase from trade receivables of US\$6.1 million; (ii) decrease from trade payables of US\$2.1 million; and (iii) partially offset by the decrease from inventories of US\$2.3 million. The net cash used in operating activities amounted to US\$3.0 million in 2Q2019.

Net cash used in investing activities in 2Q2019 was mainly due to advances to a joint venture of US\$37,000 and purchase of property, plant and equipment of US\$58,000.

Net cash from financing activities of US\$4.8 million in 2Q2019 was mainly due to proceeds from bank borrowings of US\$14.4 million, partially offset by the repayment of bank borrowings of US\$6.2 million, full repayment of loan from director of US\$2.2 million and dividend paid of US\$1.2million.

The cash and cash equivalents amounted to US\$11.1 million as at 30 June 2019.

**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.

In 4Q2018, the Group announced the signing of non-binding memorandum of understanding (the "MOU") with Spain's Repsol Lubricantes Y Especialidades, S.A ("Repsol"). As announced 1Q2019, the Group updated that the MOU has been extended for six months to October 2019. 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?**

<b>6M2018</b>	
<b>Name of Dividend</b>	<b>Interim Dividend</b>
Dividend Type	Cash
Dividend per share	0.5 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\$1.6 million (or approximate US\$1.2 million)

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.



**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared for the current financial period as the Company currently does not have a formal dividend policy.

Subject to the financial performance of the Company, the working capital requirements and its projected level of capital expenditure and investment plans, the Company may pay dividends on an annual basis.

**13. If the group has obtained a general 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 2019.

During the 6M2019, interested person transactions exceeding S\$100,000 in aggregate under review are disclosed as follows:

	<b>Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) (US\$'000)</b>	<b>Aggregate value of all interested person transactions conducted under Shareholders' Mandate (excluding transactions less than S\$100,000) (US\$'000)</b>
<b><u>Transactions with Edy Wiranto (Non-executive Chairman) and his associates, and companies owned by Edy Wiranto and his associates</u></b>		
Sales of goods, services and rental income	39	-
Purchases of goods, service and rental cost	47	-

**14. Confirmation by the board pursuant to Rule 705(5) of the Catalyst 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 six-months financial period ended 30 June 2019 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

7 August 2019