
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER (“3Q”) 2019

*This announcement has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (“**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.*

The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road #21-00 AIA Tower Singapore 048542, telephone (65) 6232 3210.

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 Unaudited 3Q2019 US\$'000	Unaudited 3Q2018 US\$'000	Increase/ (Decrease) %	Nine months ended Unaudited 9M2019 US\$'000	Unaudited 9M2018 US\$'000	Increase/ (Decrease) %	
Revenue	24,592	26,942	(8.7%)	87,877	82,443	6.6%	8.1.1
Cost of sales	(18,813)	(21,657)	(13.1%)	(72,021)	(67,324)	7.0%	8.1.2
Gross profit	5,779	5,285	9.3%	15,856	15,119	4.9%	8.1.2
Other income	224	67	>100%	578	225	>100%	8.1.3
Distribution cost	(663)	(711)	(6.8%)	(1,907)	(2,205)	(13.5%)	8.1.4
Administrative expenses	(2,151)	(2,327)	(7.6%)	(5,667)	(6,716)	(15.6%)	8.1.5
Other expenses	(15)	(19)	(21.1%)	(52)	(61)	(14.8%)	8.1.6
Share of (loss)/profit of joint ventures	(210)	22	NM	(195)	23	NM	
Finance costs	(70)	(63)	11.1%	(173)	(206)	(16.0%)	
Profit before tax	2,894	2,254	28.4%	8,440	6,179	36.6%	8.1.7
Income tax expense	(516)	(394)	31.0%	(1,435)	(1,156)	24.1%	8.1.8
Profit for the period	2,378	1,860	27.8%	7,005	5,023	39.5%	
<i>Other comprehensive income:</i>							
Currency translation differences arising from consolidation	(44)	(589)	(92.5%)	382	(1,623)	NM	
Total comprehensive income for the period	2,334	1,271	83.6%	7,387	3,400	>100%	
Profit attributable to:							
Equity holders of the Company	2,357	1,846	27.7%	6,946	4,984	39.4%	
Non-controlling interests	21	14	50.0%	59	39	51.3%	
	2,378	1,860	27.8%	7,005	5,023	39.5%	
Total comprehensive income attributable to:							
Equity holders of the Company	2,315	1,287	79.9%	7,315	3,442	>100%	
Non-controlling interests	19	(16)	NM	72	(42)	NM	
	2,334	1,271	83.6%	7,387	3,400	>100%	

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)		
	3Q2019 US\$'000	3Q2018 US\$'000	Change %	9M2019 US\$'000	9M2018 US\$'000	Change %
Charging / (crediting):-						
Amortisation of customer relationships	26	26	NM	79	79	NM
Depreciation of property, plant and equipment	266	238	11.8%	776	539	44.0%
Depreciation of investment properties	15	19	(21.1%)	52	61	(14.8%)
Foreign exchanges loss/(gain), net	55	465	(88.2%)	(223)	1,115	NM
Loss on disposal of property, plant and equipment	-	-	NM	-	2	NM
Loss on disposal of investment properties	32	-	NM	12	-	NM
Gain on disposal of joint ventures	(20)	-	NM	(20)	-	NM
Interest income	(29)	(15)	93.3%	(41)	(49)	(16.3%)
Interest expense	70	63	11.1%	173	206	(16.0%)

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 30.09.2019 US\$'000	Audited 31.12.2018 US\$'000		Unaudited 30.09.2019 US\$'000	Audited 31.12.2018 US\$'000
ASSETS					
Current assets					
Cash and bank balances	11,131	7,536		1,305	530
Trade receivables	17,624	18,531		-	-
Other receivables	7,948	3,319		16,712	9,134
Tax recoverable	760	713		18	-
Inventories	8,944	15,073		-	-
Total current assets	46,407	45,172	8.2.1	18,035	9,664
Non-current assets					
Other receivables	-	1,000		-	-
Property, plant and equipment	9,778	10,328		371	271
Investment properties	954	1,855		-	-
Intangible assets	574	653		-	-
Investment in subsidiaries	-	-		14,426	14,251
Investment in joint ventures	88	569		-	-
Deferred tax assets	125	118		-	-
Total non-current assets	11,519	14,523	8.2.2	14,797	14,522
TOTAL ASSETS	57,926	59,695		32,832	24,186
EQUITY AND LIABILITIES					
Current liabilities					
Bank borrowings	1,989	7,145		-	-
Finance leases	34	37		34	33
Trade payables	4,838	4,818		-	-
Other payables	5,377	5,835		830	742
Amount due to director	-	2,240		-	-
Current tax payable	1,140	1,326		-	16
Total current liabilities	13,378	21,401	8.2.3	864	791
Non-current liabilities					
Finance leases	84	111		84	111
Retirement benefits obligations	509	476		-	-
Deferred tax liabilities	366	344		6	6
Total non-current liabilities	959	931	8.2.4	90	117
Equity					
Share capital	21,425	21,425		21,425	21,425
Reserves	(4,126)	(4,495)		-	-
Retained earnings	25,306	19,522		10,453	1,853
Equity attributable to owners of the Company	42,605	36,452		31,878	23,278
Non-controlling interests	984	911		-	-
Total equity	43,589	37,363	8.2.5	31,878	23,278
TOTAL EQUITY AND LIABILITIES	57,926	59,695		32,832	24,186

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	
	Unaudited	Audited
	As at 30.09.2019	As at 31.12.2018
	US\$'000	US\$'000
- Total bank borrowings		
Amount repayable in one year or less, or on demand (secured and guaranteed)	2,023	7,182
Amount repayable after one year (secured and guaranteed)	84	111
Total	2,107	7,293

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

Details of any collaterals:

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

Borrowings of US\$2.1 million as at 30 September 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	Unaudited	Unaudited	Unaudited
	3Q2019	3Q2018	9M2019	9M2018
	US\$'000	US\$'000	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	2,894	2,254	8,440	6,179
Adjustments for:				
Share of loss/(profit) of joint ventures	210	(22)	195	(23)
Depreciation of property, plant and equipment	266	238	776	539
Loss on disposal of property, plant and equipment	-	-	-	2
Gain on disposal of joint ventures	(20)	-	(20)	-
Loss on disposal of investment properties	32	-	12	-
Depreciation of investment properties	15	19	52	61
Amortisation of intangible assets	26	26	79	79
Interest expense	70	63	173	206
Interest income	(29)	(15)	(41)	(49)
Operating cash flows before movements in working capital	3,464	2,563	9,666	6,994
Trade receivables	5,269	(1,547)	1,162	337
Other receivables	(345)	243	127	(145)
Trade payables	713	364	(262)	(517)
Other payables	(487)	895	(450)	791
Inventories	4,002	1,421	6,382	(2,665)
Cash generated from operations	12,616	3,939	16,625	4,795
Income tax paid	(584)	(625)	(1,635)	(2,105)
Interest received	29	15	41	49
Interest paid	(70)	(63)	(173)	(206)
Net cash from operating activities	11,991	3,266	14,858	2,533
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment in joint ventures	26	-	26	-
Proceeds from disposal of property, plant and equipment	-	-	75	-
Proceeds from disposal of investment properties	512	-	512	-
Purchase of property, plant and equipment	(48)	(129)	(133)	(668)
Acquisition on investment in joint ventures	-	-	-	(123)
Advances to joint venture	(2,526)	-	(3,196)	(1,000)
Net cash used in investing activities	(2,036)	(129)	(2,716)	(1,791)

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 3Q2019 US\$'000	Unaudited 3Q2018 US\$'000	Unaudited 9M2019 US\$'000	Unaudited 9M2018 US\$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank borrowings	16,277	5,219	37,482	24,669
Repayments of bank borrowings	(27,623)	(5,535)	(42,639)	(25,569)
Repayments of obligation under finance leases	(11)	(14)	(30)	(46)
Increase in pledged fixed deposits	(22)	(14)	(29)	(20)
Repayment of loan from a director	-	-	(2,240)	-
Dividend paid	-	(1,160)	(1,162)	(2,836)
Net cash used in financing activities	(11,379)	(1,504)	(8,618)	(3,802)
Net (decrease)/increase in cash and cash equivalents	(1,424)	1,633	3,524	(3,060)
Effect of exchange rate changes on cash and cash equivalents	(10)	(337)	42	(815)
Cash and cash equivalents at beginning of period	11,080	3,947	6,080	9,118
Cash and cash equivalents at end of period	9,646	5,243	9,646	5,243
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	8,576	5,176	8,576	5,176
Fixed deposits	2,555	1,523	2,555	1,523
Less: Restricted cash (pledged fixed deposits)	(1,485)	(1,456)	(1,485)	(1,456)
Cash and cash equivalents per consolidated statements of cash flows	9,646	5,243	9,646	5,243

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
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)

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 2019	21,425	(3,156)	(7)	(1,332)	19,522	36,452	911	37,363
Profit for the period	-	-	-	-	4,589	4,589	38	4,627
Other comprehensive income	-	-	-	411	-	411	15	426
Total comprehensive income for the period	-	-	-	411	4,589	5,000	53	5,053
<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 a subsidiary	-	-	-	-	-	-	1	1
Balance at 30 June 2019	21,425	(3,156)	(7)	(921)	22,949	40,290	965	41,255
Profit for the period	-	-	-	-	2,357	2,357	21	2,378
Other comprehensive loss	-	-	-	(42)	-	(42)	(2)	(44)
Total comprehensive (loss)/income for the period	-	-	-	(42)	2,357	2,315	19	2,334
Balance at 30 September 2019	21,425	(3,156)	(7)	(963)	25,306	42,605	984	43,589

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 paid to owners of the Company	-	-	-	-	(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
<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	-	-	-	304	21,729	-	21,729

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 2019	21,425	-	-	-	1,853	23,278	-	23,278
Profit for the period, representing total comprehensive income for the period	-	-	-	-	2,881	2,881	-	2,881
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,162)	(1,162)	-	(1,162)
Balance at 30 June 2019	21,425	-	-	-	3,572	24,997	-	24,997
Profit for the period, representing total comprehensive income for the period	-	-	-	-	6,881	6,881	-	6,881
Balance at 30 September 2019	21,425	-	-	-	10,453	31,878	-	31,878

- 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 financial period ended 30 September 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 September 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 September 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 September 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 September 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 September 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 September 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 September 2019 and 30 September 2018.

	Group			
	3Q2019	3Q2018	9M2019	9M2018
Earnings per ordinary share for the financial period				
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	0.7 cents	0.6 cents	2.2 cents	1.6 cents
(ii) On fully diluted basis (US\$ cents)	0.7 cents	0.6 cents	2.2 cents	1.6 cents
Weighted average number of shares (in '000)	316,211	316,211	316,211	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.

	Group		Company	
	As at 30.09.2019	As at 31.12.2018	As at 30.09.2019	As at 31.12.2018
Net asset value (US\$'000)	42,605	36,452	31,878	23,278
Number of ordinary share in issue (in '000)	316,211	316,211	316,211	316,211
Net asset value per ordinary share (US\$ cents)	13.5 cents	11.5 cents	10.1 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>	3Q2019 US\$'000	3Q2018 US\$'000	Q-Q	9M2019 US\$'000	9M2018 US\$'000	Y-Y
			Change Increase/ (Decrease) %			Change Increase/ (Decrease) %
Manufacturing	24,115	25,913	(6.9)	68,431	80,273	(14.8)
Trading	477	1,029	(53.6)	19,446	2,170	>100
Group	<u>24,592</u>	<u>26,942</u>	<u>(8.7)</u>	<u>87,877</u>	<u>82,443</u>	<u>6.6</u>

For the 9M2019, the revenue increased by US\$5.4 million or 6.6%, from US\$82.4 million in 9M2018 to US\$87.9 million in 9M2019. This was due to an increase in revenue for the trading business segment, which 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. For the 3Q2019, revenue decreased by US\$2.4 million or 8.7%, from US\$26.9 million in 3Q2018 to US\$24.6 million in 3Q2019. This was due to decrease in revenue from the manufacturing business segment of US\$1.8 million or 6.9%, and decrease in revenue from the trading business segment of US\$0.6 million or 53.6%.

Manufacturing

For 3Q2019, 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

For 3Q2019, revenue from our trading business segment decreased mainly due to a decrease in both sales volume and in average selling price.

8.1.2 Cost of Sales and Gross Profit

<u>Gross profit</u>	3Q2019 US\$'000	3Q2018 US\$'000	Q-Q	9M2019 US\$'000	9M2018 US\$'000	Y-Y
			Change Increase/ (Decrease) %			Change Increase/ (Decrease) %
Manufacturing	5,742	5,153	11.4	15,569	14,880	4.6
Trading	37	132	(72.0)	287	239	20.1
Group	<u>5,779</u>	<u>5,285</u>	<u>9.3</u>	<u>15,856</u>	<u>15,119</u>	<u>4.9</u>

Review of Group's Performance (continued)

	3Q2019	3Q2018	9M2019	9M2018
<u>Gross profit margin</u>	%	%	%	%
Manufacturing	23.8	19.9	22.8	18.5
Trading	7.8	12.8	1.5	11.0
Group	23.5	19.6	18.0	18.3

Cost of sales decreased by US\$2.8 million or 13.1%, from US\$21.7 million in 3Q2018 to US\$18.8 million in 3Q2019. This was mainly due to decrease in the cost of raw materials which is in line with the decrease in revenue.

Our overall gross profit increased by US\$0.5 million or 9.3%, from US\$5.3 million in 3Q2018 to US\$5.8 million in 3Q2019.

Our overall gross profit margin increased by 3.9 percentage point, from 19.6% in 3Q2018 to 23.5% in 3Q2019 mainly due to higher gross profit margin from our manufacturing business segment, due to the lower raw materials cost in 3Q2019. The Group recorded a 5.0 percentage point decrease in gross profit margin for our trading business segment, from 12.8% in 3Q2018 to 7.8% in 3Q2019, mainly due to lower average trading selling price achieved during the quarter.

8.1.3 Other Income

Our other income increased by US\$157,000, from approximately US\$67,000 in 3Q2018 to US\$224,000 in 3Q2019, which was mainly due to interest income from a joint venture partner.

8.1.4 Distribution Cost

Our distribution cost decreased by US\$48,000 or 6.8%, from US\$711,000 in 3Q2018 to US\$663,000 in 3Q2019, mainly due to lower freight and transportation costs in line with the decrease in volume during the period.

8.1.5 Administrative Expenses

Our administrative expenses decreased by US\$0.2 million or 7.6%, from US\$2.3 million in 3Q2018 to US\$2.2 million in 3Q2019, mainly due to lower foreign exchange loss in 3Q2019 amounting to US\$55,000 instead of US\$465,000 in 3Q2018, that 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\$0.6 million or 28.4%, from US\$2.3 million in 3Q2018 to US\$2.9 million in 3Q2019. This was mainly due to an increase in gross profit and other income and reduction in administration expenses. The Group's PBT increased by 36.6% from US\$6.2 million in 9M2018 to US\$8.4 million in 9M2019, mainly due to an increase in gross profit during the period and foreign exchange gain in 9M2019 amounting to US\$0.2 million instead of foreign exchange loss in 9M2018 amounting to US\$1.1 million.

8.1.8 Income Tax Expense

Income tax expense increased by US\$122,000 or 31.0%, from US\$394,000 in 3Q2018 to US\$516,000 in 3Q2019. This was mainly due to higher PBT in 3Q2019.

Review of Statements of Financial Position

8.2.1 Current Assets

Current assets increased by US\$1.2 million from US\$45.2 million as at 31 December 2018 to US\$46.4 million as at 30 September 2019. The increase was mainly due to an increase in (i) cash and bank balances of US\$3.6 million; and (ii) other receivables of US\$4.6 million mainly due to reclassification of non-current receivable to current receivables of shareholder's loan to joint venture of US\$1.0 million and advances made to a joint venture of US\$3.2 million for working capital purpose. The increase was partially offset by a decrease in (i) trade receivables of US\$0.9 million mainly due to improved collection from customers; and (ii) inventories of US\$6.1 million which was due to lower storage of raw materials and finished products.

8.2.2 Non-Current Assets

Non-current assets decreased by US\$3.0 million from US\$14.5 million as at 31 December 2018 to US\$11.5 million as at 30 September 2019. The decrease was mainly due to a decrease in (i) property, plant and equipment of US\$0.6 million mainly due to depreciation charged during the period; (ii) reclassification of non-current receivable to current receivables of shareholder's loan to joint venture of US\$1.0 million; (iii) investment in joint ventures of US\$0.5 million mainly due to disposals of investments and share of loss of joint ventures; and (iv) investment properties of US\$0.9 million mainly due to disposal of investment properties in our Indonesia plant.

8.2.3 Current Liabilities

Current liabilities decreased by US\$8.0 million from US\$21.4 million as at 31 December 2018 to US\$13.4 million as at 30 September 2019. The decrease was mainly due a decrease in (i) bank borrowings of US\$5.2 million due to repayment during the period; (ii) full repayment of loan from director of US\$2.2 million; and (iii) other payables of US\$0.5 million million during the period.

8.2.4 Non-Current Liabilities

Non-current liabilities comprise 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 September 2019, equity amounted to US\$43.6 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$6.2 million in equity was due to recognition of profit of US\$7.0 million for the period, partially offset by the dividend payment of US\$1.2 million.

Review of Statements of Cash Flows

In 3Q2019, net cash from operating activities before changes in working capital amounted to US\$3.5 million while net cash generated from working capital amounted to US\$9.2 million. This was mainly due to (i) decrease from trade receivables of US\$5.3 million; (ii) increase from trade payables of US\$0.7 million; (iii) decrease from inventories of US\$4.0 million and (iv) partially offset by the decrease from other payables and other receivables of US\$0.5 million and US\$0.3 million respectively. The net cash from operating activities amounted to US\$12.0 million in 3Q2019.

Net cash used in investing activities in 3Q2019 was mainly due to advances to a joint venture of US\$2.5 million for working capital purpose, partially offset by the proceeds from disposal of investment properties of US\$0.5million.

Net cash used in financing activities of US\$11.4 million in 3Q2019 was mainly due to repayment of bank borrowings of US\$27.6 million, partially offset by the proceeds from bank borrowings of US\$16.3million.

The cash and cash equivalents amounted to US\$9.6 million as at 30 September 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.

On 30 September 2019, the Group announced the signing of a share purchase agreement ("**SPA**") with Repsol Downstream Internacional S.A. ("**Repsol**") for the proposed disposal of 14,959,600 shares ("**Proposed Disposal**") in United Oil Company Pte Ltd ("**UOC**"), a wholly owned subsidiary of the Company, comprising 40.0% of the issued and paid-up share capital of UOC. Upon completion of the Proposed Disposal, the Company will hold 60.0% of the issued and paid up share capital of UOC.

The Company has today held an extraordinary general meeting, and has obtained shareholders' approval for the Proposed Disposal. The Company will work closely with Repsol to integrate our business and products with Repsol.

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 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 9M2019, 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	55	-
Purchases of goods, service and rental cost	109	-

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 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

12 November 2019