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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE (“1H”) 2020**

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*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.*

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## **Background**

United Global Limited (the “**Company**”, 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 providing a wide range of high quality, well-engineered lubricants under its in-house brands such as “United Oil”, as well as a host of third-party brands. Through its 60% owned United Oil Company, a joint-control venture between the Company and Madrid-listed oil major Repsol, the Group manufactures a wide range of lubricants, which are distributed throughout its extensive network covering more than 30 countries.

In addition to its lubricant business, United Global Limited also has three other business pillars, namely United Innovations which is mainly engaged in the manufacturing of Nano-fibre oil absorbent materials, United Fuels which is involved in the trading of petrol related products and United Renewables which is currently looking for opportunities in materials recycling and sustainability businesses. These newly-set up business segments will allow United Global Limited to explore new additional ventures in the near future.

## **Accounting for UOC Group Post-Disposal**

The Company has on 26 November 2019, disposed its 40% equity stake, comprising 14,959,600 shares in the Company’s wholly-owned principal subsidiary, United Oil Company Pte. Ltd. (“**UOC**”) to Repsol Downstream Internacional S.A. (“**Repsol Downstream**”) (“**Disposal**”), a subsidiary of Repsol S.A. (“**Repsol**”), an international oil and gas company listed on the Madrid Stock Exchange.

As at completion of disposal, UOC ceased to be a subsidiary and is considered a joint venture of the Group in accordance with SFRS (I) 11 *Joint Arrangements* (“**SFRS(I) 11**”). As a result, the Group had in the 4<sup>th</sup> quarter (“**4Q**”) of 2019 de-consolidated UOC and its subsidiary, PT Pacific Lubritama Indonesia (“**PLI**”) and Ichiro Corporation Co., Ltd (“**ICHIRO**”), (collectively known as “**UOC Group**”) from its consolidated statements of financial position.

Post-Disposal, the Group reported its interest in UOC group for the month of December 2019 and also 1H2020 as a line item in the profit and loss statements as “Share of profit of joint ventures” and a corresponding entry in the balance sheet as “Investment in joint ventures”. For the details of financial position and financial performance of UOC Group, please refer to para 8.3.1.

As a result of the above corporate exercise, the lubricant business remains as a reportable segment in the Group’s financial statements.

In 1H2020, the Group’s revenue, cost of sales and gross profit recorded in the consolidated statements of profit or loss and other comprehensive income consist of its only operating subsidiary engaged in the business of manufacturing Nano-fibre oil absorbent materials selling to its key customer of our joint venture, M-TechX United Pte Ltd.

PART I - INFORMATION REQUIRED FOR 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		Increase/ (Decrease) %	Ref
	Half year ended Unaudited 1H2020 US\$'000	Unaudited 1H2019 US\$'000		
<b>Revenue</b>	83	63,285	(99.9%)	8.1.1
Cost of sales	(216)	(53,208)	(99.6%)	8.1.2
<b>Gross (loss)/profit</b>	<b>(133)</b>	<b>10,077</b>	NM	8.1.2
Other income	626	354	76.8%	8.1.3
Distribution cost	(12)	(1,244)	(99.0%)	8.1.4
Administrative expenses	(1,072)	(3,516)	(69.5%)	8.1.5
Other expenses	-	(37)	(100.0%)	
Share of profit of joint ventures	2,276	15	>100%	8.1.6
Finance costs	(3)	(103)	(97.1%)	
<b>Profit before tax</b>	<b>1,682</b>	<b>5,546</b>	(69.7%)	8.1.7
Income tax expense	(6)	(919)	(99.3%)	8.1.8
<b>Profit for the period</b>	<b>1,676</b>	<b>4,627</b>	(63.8%)	
<i>Other comprehensive (loss)/income:</i>				
Currency translation differences arising from consolidation	(4)	426	NM	
Share of other comprehensive loss of joint ventures	(303)	-	NM	8.1.9
<b>Total comprehensive income for the period</b>	<b>1,369</b>	<b>5,053</b>	(72.9%)	
<b>Profit/(loss) attributable to:</b>				
Equity holders of the Company	1,677	4,589	(63.5%)	
Non-controlling interests	(1)	38	NM	
	<b>1,676</b>	<b>4,627</b>	(63.8%)	
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	1,370	5,000	(72.6%)	
Non-controlling interests	(1)	53	NM	
	<b>1,369</b>	<b>5,053</b>	(72.9%)	

NM : Not meaningful

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

	Group		
	Half year ended (Unaudited)		
	1H2020 US\$'000	1H2019 US\$'000	Change %
<b>Charging / (crediting):-</b>			
Amortisation of customer relationships	-	53	(100.0%)
Depreciation of property, plant and equipment	200	510	(60.8%)
Depreciation of investment properties	-	37	(100.0%)
Foreign exchange loss/(gain), net	166	(278)	NM
Gain on disposal of investment properties	-	(20)	(100.0%)
Interest income	(279)	(13)	>100%
Interest expense	3	103	(97.1%)

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 30.06.2020 US\$'000	Audited 31.12.2019 US\$'000		Unaudited 30.06.2020 US\$'000	Audited 31.12.2019 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	32,474	39,775		32,381	39,656
Trade receivables	85	2		-	-
Other receivables	8,800	12,786		9,442	13,385
Inventories	171	185		-	-
<b>Total current assets</b>	<b>41,530</b>	<b>52,748</b>	8.2.1	<b>41,823</b>	<b>53,041</b>
<b>Non-current assets</b>					
Property, plant and equipment	2,559	2,822		338	360
Investment in subsidiaries	-	-		420	420
Investment in joint ventures	56,220	54,248		8,299	8,299
Deferred tax assets	-	6		-	-
<b>Total non-current assets</b>	<b>58,779</b>	<b>57,076</b>	8.2.2	<b>9,057</b>	<b>9,079</b>
<b>TOTAL ASSETS</b>	<b>100,309</b>	<b>109,824</b>		<b>50,880</b>	<b>62,120</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Lease liabilities	35	36		35	36
Trade payables	9	6		-	-
Other payables	2,709	6,437		534	4,209
Current tax payable	-	1		-	1
<b>Total current liabilities</b>	<b>2,753</b>	<b>6,480</b>	8.2.3	<b>569</b>	<b>4,246</b>
<b>Non-current liabilities</b>					
Lease liabilities	57	77		57	77
<b>Equity</b>					
Share capital	21,425	21,425		21,425	21,425
Reserves	(3,295)	(2,988)		-	-
Retained earnings	79,370	84,830		28,829	36,372
Equity attributable to owners of the Company	97,500	103,267		50,254	57,797
Non-controlling interests	(1)	-*		-	-
<b>Total equity</b>	<b>97,499</b>	<b>103,267</b>	8.2.4	<b>50,254</b>	<b>57,797</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,309</b>	<b>109,824</b>		<b>50,880</b>	<b>62,120</b>

\*Represents amount less than US\$1,000

**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 30.6.2020</b>	<b>As at 31.12.2019</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)	35	36
Amount repayable after one year (secured and guaranteed)	57	77
<b>Total</b>	<b>92</b>	<b>113</b>

The Group does not have any unsecured borrowings and debt securities as at 31 December 2019 and 30 June 2020.

**Details of any collaterals:**

The Group's borrowings as at 30 June 2020 consists of finance leases liabilities.

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	
	Unaudited 1H2020 US\$'000	Unaudited 1H2019 US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,682	5,546
Adjustments for:		
Share of profit of joint ventures	(2,276)	(15)
Depreciation of property, plant and equipment	200	510
Gain on disposal of investment properties	-	(20)
Depreciation of investment properties	-	37
Amortisation of intangible assets	-	53
Interest expense	3	103
Interest income	(279)	(13)
Operating cash flows before movements in working capital	(670)	6,201
Trade receivables	(81)	(4,107)
Other receivables	297	472
Trade payables	2	(975)
Other payables	(3,641)	37
Inventories	9	2,380
Cash (used in)/generated from operations	(4,084)	4,008
Income tax paid	(1)	(1,050)
Interest received	279	13
Interest paid	(3)	(103)
Net cash (used in)/from operating activities	(3,809)	2,868
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Final payment of disposal of subsidiaries	2,962	-
Proceeds from disposal of property, plant and equipment	-	75
Purchase of property, plant and equipment	(11)	(85)
Repayments from/(Advances to) joint ventures	720	(670)
Net from/(cash used) in investing activities	3,671	(680)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	21,205
Repayments of bank borrowings	-	(15,017)
Repayments of lease liabilities	(21)	(19)
Increase in pledged fixed deposits	-	(7)
Repayment of loan from a director	-	(2,240)
Dividend paid	(7,137)	(1,162)
Net cash (used in)/from financing activities	(7,158)	2,760

**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)**

	<b>Group</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>1H2020</b>	<b>1H2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Net (decrease)/increase in cash and cash equivalents	(7,296)	4,948
Effect of exchange rate changes on cash and cash equivalents	(5)	52
Cash and cash equivalents at beginning of period	39,775	6,080
<b>Cash and cash equivalents at end of period</b>	<b>32,474</b>	<b>11,080</b>
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	1,849	11,009
Fixed deposits	30,625	1,534
	<b>32,474</b>	<b>12,543</b>
Less: Restricted cash (pledged fixed deposits)	-	(1,463)
Cash and cash equivalents per consolidated statements of cash flows	<b>32,474</b>	<b>11,080</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<u>Group</u>	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<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	-	-	-	-	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)
Cash subscribed by non-controlling interest in subsidiaries	-	-	-	-	-	-	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)

<u>Group</u>	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2020</b>	21,425	(3,156)	5	163	84,830	103,267	-*	103,267
Profit for the period	-	-	-	-	1,677	1,677	(1)	1,676
Other comprehensive loss	-	-	-	(307)	-	(307)	-	(307)
Total comprehensive (loss)/income for the period	-	-	-	(307)	1,677	1,370	(1)	1,369
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(7,137)	(7,137)	-	(7,137)
<b>Balance at 30 June 2020</b>	<b>21,425</b>	<b>(3,156)</b>	<b>5</b>	<b>(144)</b>	<b>79,370</b>	<b>97,500</b>	<b>(1)</b>	<b>97,499</b>

\*Represents amount less than US\$1,000

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 2019</b>	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)
<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>
<b>Balance at 1 January 2020</b>	21,425	-	-	-	36,372	57,797	-	57,797
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(406)	(406)	-	(406)
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(7,137)	(7,137)	-	(7,137)
<b>Balance at 30 June 2020</b>	<b>21,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,829</b>	<b>50,254</b>	<b>-</b>	<b>50,254</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 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 half year financial period ended 30 June 2020, 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 2020 and 31 December 2019.

- 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 2020 was 316,211,360 (as at 31 December 2019: 316,211,360).

- 1(d)(iv) A statement showing all sales, transfers, 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 2020.

- 1(d)(v) A statement showing all sales, transfers, 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 2020.

- 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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable. The Group's latest audited financial statement for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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 2019 ("FY2019").

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 January 2020, the Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the SFRS(I) Interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised SFRS(I)s and the SFRS(I) Interpretations does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial periods.

**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 2020 and 30 June 2019.

	<b>Group</b>	
	<b>1H2020</b>	<b>1H2019</b>
Earnings per ordinary share for the financial year		
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	<u>0.5 cents</u>	<u>1.5 cents</u>
(ii) On fully diluted basis (US\$ cents)	<u>0.5 cents</u>	<u>1.5 cents</u>
Weighted average number of shares (in '000)	<u>316,211</u>	<u>316,211</u>

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
Net asset value (US\$'000)	97,500	103,267	50,254	57,797
Number of ordinary share in issue (in '000)	316,211	316,211	316,211	316,211
Net asset value per ordinary share (US\$ cents)	30.8 cents	32.7 cents	15.9 cents	18.3 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**

For the 1H2020, the revenue decreased by US\$63.2 million or 99.9%, from US\$63.3 million in 1H2019 to US\$83,000 in 1H2020. This was due to the de-consolidation of UOC Group in 1H2020, subsequent to the partial disposal of UOC Group to Repsol in November 2019. The 1H2020 revenue consists only revenue generated from the Nano-fibre oil absorbent manufacturing business.

**8.1.2 Cost of Sales and Gross (Loss)/Profit**

For 1H2020, cost of sales decreased by US\$53.0 million or 99.6%, from US\$53.2 million in 1H2019 to US\$216,000 in 1H2020. This decrease was in line with the decrease in revenue due to the deconsolidation of UOC Group.

Our overall gross profit decreased by US\$10.2 million, from US\$10.1 million gross profit in 1H2019 to US\$133,000 gross loss in 1H2020.

The Group is reporting gross losses as our Nano-fiber oil absorbent manufacturing business segment is currently operating at a low production rate due to slow orders. As a result, the Company is not able to generate sufficient revenue to cover the non-cash expense of depreciation of property, plant and equipment.

**8.1.3 Other Income**

Our other income increased by US\$272,000, from approximately US\$354,000 in 1H2019 to US\$626,000 in 1H2020, which was mainly due to (i) higher interest income from fixed deposits as more fund has been placed in bank as fixed deposits; and (ii) management fee and secondment fee income charged to UOC Group.

**8.1.4 Distribution Cost**

Our distribution cost decreased by US\$1.2 million or 99.0%, from US\$1.2 million in 1H2019 to US\$12,000 in 1H2020, mainly due to de-consolidation of UOC Group's distribution cost.

#### 8.1.5 *Administrative Expenses*

Our administrative expenses decreased by US\$2.4 million or 69.5%, from US\$3.5 million in 1H2019 to US\$1.1 million in 1H2020, mainly due to de-consolidation of UOC Group's administrative expenses. The decrease was partially offset by foreign exchange loss in 1H2020 amounting to US\$166,000 instead of foreign exchange gain in 1H2019 amounting to US\$278,000 which mainly arose from currency translation differences.

#### 8.1.6 *Share of Profit of Joint Ventures*

Our share of profit of joint ventures mainly results from our share of 60% profit from UOC Group of US\$2.3 million for the period.

During 1H2019, UOC Group was a subsidiary of the Company and as such its income and expenses are consolidated with the Company as compared to UOC Group's revenue being reported as a line item as "Share of profit of joint ventures" in 1H2020 following the partial disposal of UOC Group in November 2019. The net income derived from the UOC Group in 1H2019 of US\$4.8 million was recorded in the consolidated statements of profit or loss.

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

Our PBT decreased by US\$3.9 million, from US\$5.5 million in 1H2019 to US\$1.7 million in 1H2020. This was mainly due to the de-consolidation of our key operating entity of UOC Group in November 2019, with the Group now recognising 60% revenue of UOC Group after the Disposal.

#### 8.1.8 *Income Tax Expense*

Income tax expense decreased by US\$913,000 during 1H2020. This was mainly due to the Group lower PBT which is mainly attributable to share of profit of joint ventures (net of tax).

#### 8.1.9 *Share of Other Comprehensive Loss of Joint Ventures*

Our share of other comprehensive loss in 1H2020 was mainly attributable to share of other comprehensive loss from UOC Group of US\$303,000 due to the de-consolidation of UOC Group. The other comprehensive loss is related to the currency translation differences arising from consolidation of PLI (part of UOC Group) by UOC Group. The loss was the effect of devaluation of Indonesia Rupiah arising from the currency translation difference of the net assets of PLI.

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

#### 8.2.1 *Current Assets*

Current assets decreased by US\$11.2 million from US\$52.7 million as at 31 December 2019 to US\$41.5 million as at 30 June 2020. The decrease was mainly due to a decrease in (i) cash and bank balances of US\$7.3 million due to the payment of dividends and bonuses and (ii) other receivables of US\$4.0 million due to (a) receipt of final payment arising from the partial disposal of UOC Group and; (b) repayments of amount owing by joint ventures and a joint venture partner.

#### 8.2.2 *Non-Current Assets*

Non-current assets increased by US\$1.7 million from US\$57.1 million as at 31 December 2019 to US\$58.8 million as at 30 June 2020. The increase was mainly due to an increase in investment in joint ventures of US\$2.0 million mainly due to share of profit from UOC Group of US\$2.3 million while partially offset by share of other comprehensive loss from UOC Group of US\$303,000. The increase in non-current assets was partially offset by a decrease in property, plant and equipment of US\$263,000 mainly due to depreciation charge during the period and currency translation difference as a result of devaluation of Indonesia Rupiah.

#### 8.2.3 *Current Liabilities*

Current liabilities decreased by US\$3.7 million from US\$6.5 million as at 31 December 2019 to US\$2.8 million as at 30 June 2020. The decrease was due to payment of prior year accrual of bonuses in 1H2020.

#### 8.2.4 *Equity*

As at 30 June 2020, equity amounted to US\$97.5 million which comprises of share capital, reserves, retained earnings and non-controlling interests. The decrease of US\$5.8 million in equity was due to dividend payment of US\$7.1 million and recognition of other comprehensive loss of US\$307,000 for the period, partially offset by the profit for the period of US\$1.7 million.

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

In 1H2020, net cash used in operating activities before changes in working capital amounted to US\$670,000 while net cash used in working capital amounted to US\$3.4 million. This was mainly due to decrease from other payables of US\$3.6 million. The net cash used in operating activities amounted to US\$3.8 million in 1H2020.

Net cash from investing activities in 1H2020 was mainly due to receipt of the final payment of the purchase consideration of US\$3.0 million arising from the partial disposal of UOC Group and repayments of amount owing by joint ventures of US\$720,000.

Net cash from financing activities of US\$7.2 million in 1H2020 was mainly due to dividend payment of US\$7.1million.

The cash and cash equivalents amounted to US\$32.5 million as at 30 June 2020.

### 8.3.1 Additional disclosure items for UOC Group (Lubricant Business)

The summarised financial information of the Group's significant joint venture namely UOC Group, based on its consolidated financial statements were as follows:

	Unaudited 30.6.2020 US\$'000	Audited 31.12.2019 US\$'000	
<b><u>Consolidated statement of financial position</u></b>			
<b>Current assets</b>	<b>34,284</b>	<b>32,323</b>	
Cash and cash equivalents	12,226	9,146	
Trade receivables	10,091	12,565	
Inventories	9,864	8,026	
<b>Non-current assets</b>	<b>11,409</b>	<b>11,284</b>	
<b>Current liabilities</b>	<b>10,054</b>	<b>11,374</b>	
Trade payables	4,334	4,843	
Current financial liabilities (excluding trade and other payables and provisions)	1,182	2,599	8.3.2
<b>Non-current liabilities</b>	<b>3,653</b>	<b>3,652</b>	
Non-current financial liabilities (excluding trade and other payables and provisions)	2,781	2,827	
<b>Total equity</b>	<b>31,986</b>	<b>28,581</b>	
	<b>Unaudited 1H2020 US\$'000</b>	<b>Unaudited 1H2019 US\$'000</b>	
<b><u>Consolidated statement of profit or loss and other comprehensive income</u></b>			
Revenue	33,967	63,285	8.3.3
Profit from the period	3,832	4,794	
Other comprehensive (loss)/income	(532)	426	8.3.4
Total comprehensive income	3,300	5,220	8.3.5
Dividend received from joint venture during the period	-	3,000	
<u>The above profit and loss for the period include the following:</u>			
Depreciation and amortisation	457	531	
Interest income	74	13	
Interest expenses	111	99	
Income tax expenses (income)	814	930	
<b><u>Other disclosure</u></b>			
Gross profit	8,370	10,077	8.3.6
Gross profit margin %	24.6%	15.9%	8.3.6
Distribution cost	1,043	1,240	
Administrative expenses	3,016	3,383	8.3.7



**Review of UOC Group (Lubricant Business)**

**8.3.2 Current financial liabilities (excluding trade and other payables and provisions)**

Current financial liabilities comprising mainly bank borrowings and lease liabilities (excluding trade and other payables and provisions) decreased by US\$1.4 million from US\$2.6 million as at 31 December 2019 to US\$1.2 million as at 30 June 2020. This was mainly due to repayment of bank borrowings in 1H2020.

**8.3.3 Revenue (Lubricant Business only)**

<b><u>Revenue</u></b>	<b>1H2020</b>	<b>1H2019</b>	<b>Change Increase/ (Decrease)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Manufacturing	33,169	44,316	(25.2)
Trading	798	18,969	(95.8)
<b>Group</b>	<b>33,967</b>	<b>63,285</b>	<b>(46.3)</b>

For the 1H2020, the revenue decreased by US\$29.3 million or 46.3%, from US\$63.3 million in 1H2019 to US\$34.0 million in 1H2020. This was mainly due to a decrease in revenue for both manufacturing and trading business segment.

**Manufacturing (Lubricant Business)**

For 1H2020, the manufacturing business segment decreased by US\$11.1 million or 25.2%. This was mainly due to a decrease in both sales volume and average selling price. The lower sales volume was mainly attributable to the slower business in our Singapore plant.

**Trading (Lubricant Business)**

For 1H2020, the trading business segment decreased by US\$18.2 million or 95.8%. This decrease was mainly due to the absence of goods exported to joint venture partner in 1H2020.

**8.3.4 Other comprehensive (loss)/income**

The other comprehensive (loss)/income is mainly related to the currency translation differences arising from consolidation of UOC Group. The loss was the effect of devaluation of Indonesia Rupiah on the currency translation difference of the net assets of PLI (part of UOC Group).

**8.3.5 Total comprehensive income**

The total comprehensive income decreased by US\$1.9 million from US\$5.2 million in 1H2019 to US\$3.3 million in 1H2020. This was mainly due to decrease in profit by US\$1.0 million from US\$4.8 million in 1H2019 to US\$3.8 million in 1H2020 and other comprehensive loss in 1H2020 amounting to US\$532,000, compared to the other comprehensive gain in 1H2019 amounting to US\$426,000.

8.3.6 *Gross profit margin (Lubricant Business)*

	1H2020	1H2019	Change Increase/ (Decrease)
<u>Gross profit</u>	US\$'000	US\$'000	%
Manufacturing	8,236	9,827	(16.2)
Trading	134	250	(46.4)
Group	<u>8,370</u>	<u>10,077</u>	(16.9)

	1H2020	1H2019
<u>Gross profit margin</u>	%	%
Manufacturing	24.8	22.2
Trading	16.8	1.3
Group	24.6	15.9

The overall gross profit decreased by US\$1.7 million or 16.9% from US\$10.1 million in 1H2019 to US\$8.4 million in 1H2020. This was mainly due to decrease in revenue for the manufacturing segment as a result of lower sales volume in 1H2020

The overall gross profit margin increased by 8.7 percentage point from 15.9% in 1H2019 to 24.6% in 1H2020, mainly due to higher gross profit margin achieved by both manufacturing and trading business segment. The manufacturing business segment recorded a 2.6 percentage points increase in gross profit margin from 22.2% in 1H2019 to 24.8% in 1H2020, mainly due to lower raw materials cost in 1H2020. The trading business segment recorded a 15.5 percentage points increase in gross profit margin from 1.3% in 1H2019 to 16.8% in 1H2020, mainly due to higher average trading selling price achieved during 1H2020.

8.3.7 *Administrative expenses*

The administrative expenses decreased by US\$367,000 or 10.8% from US\$3.4 million in 1H2019 to US\$3.0 million in 1H2020, mainly due to lower management fee charged by the Company to UOC Group.

**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 the markets and economic conditions in the Asia-Pacific region. The spill-over effects of the current COVID-19 outbreak are broad-based and will continue to negatively impact the overall market environment. Under this environment, the Group will continue to be diligent and disciplined in controlling the costs as well as manage our raw materials costs.

**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.

During the 1H2020, 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)	
	Total value of transaction	Based on issuer's effective interest	Total value of transaction	Based on issuer's effective interest
<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	36	22	-	-
Purchases of goods, service and rental cost	90	51	-	-

**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 half year financial period ended 30 June 2020 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.

**16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

There were no acquisitions or realization of shares in any of the Group's subsidiary or associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during 1H2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

Tan Thuan Hor, Jacky  
Executive Director / Chief Executive Officer

11 August 2020