
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD
ENDED 30 JUNE ("1H") 2021

*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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General Information

United Global Limited (the "**Company**", together with its subsidiaries, the "**Group**") was listed on Catalist of the SGX-ST on 8 July 2016. The Company (Registration Number 201534604M) is incorporated in the Republic of Singapore with the principal place of business and registered office at 14 Tuas Drive 2, Singapore 638647. The principal activity of the Company is that of an investment holding company.

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 40 countries.

In addition to its lubricant business, United Global Limited also has four other business pillars, namely (i) United Supply Chain which involved in logistics or shipping businesses; (ii) United Innovations which is mainly engaged in the manufacturing of Nano-fibre oil absorbent materials; (iii) United Fuels which is involved in the trading of petrol related products; and (iv) 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.

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.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Half year ended		Increase/ (Decrease)	
	Unaudited 1H2021 US\$'000	Unaudited 1H2020 US\$'000	%	Ref
Revenue	2,718	83	>100%	8.1.1
Cost of sales	(2,873)	(216)	>100%	8.1.2
Gross loss	(155)	(133)	16.5%	8.1.2
Other income	1,155	626	84.5%	8.1.3
Distribution cost	(12)	(12)	-	
Administrative expenses	(1,178)	(1,072)	9.9%	8.1.4
Share of profit of joint ventures	3,410	2,276	49.8%	8.1.5
Finance costs	(2)	(3)	(33.3%)	
Profit before tax	3,218	1,682	91.3%	8.1.6
Income tax expense	-	(6)	(100.0%)	
Profit for the period	3,218	1,676	92.0%	
<i>Other comprehensive income/(loss):</i>				
Currency translation differences arising from consolidation	12	(4)	NM	
Share of other comprehensive loss of joint ventures	(402)	(303)	32.7%	8.1.7
Total comprehensive income for the period	2,828	1,369	>100%	
Profit/(loss) attributable to:				
Equity holders of the Company	3,219	1,677	91.9%	
Non-controlling interests	(1)	(1)	-	
	3,218	1,676	92.0%	
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	2,829	1,370	>100%	
Non-controlling interests	(1)	(1)	-	
	2,828	1,369	>100%	

NM : Not meaningful

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

	Group		
	Half year ended (Unaudited)		
	1H2021 US\$'000	1H2020 US\$'000	Change %
Charging / (crediting):-			
Depreciation of property, plant and equipment	205	200	2.5%
Foreign exchange loss, net	89	166	(46.4%)
Write back of inventories recognised as an income	(791)	-	NM
Interest income	-	(279)	(100.0%)
Interest expense	2	3	(33.3%)

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.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Ref	Company	
	Unaudited	Audited		Unaudited	Audited
	30.06.2021	31.12.2020		30.06.2021	31.12.2020
	US\$'000	US\$'000		US\$'000	US\$'000
<u>ASSETS</u>					
Current assets					
Cash and bank balances	17,398	9,716		17,195	9,529
Financial assets at fair value through profit or loss	15,000	25,000		15,000	25,000
Trade receivables	3	4		-	-
Other receivables	8,767	3,512		11,459	6,030
Tax recoverable	5	5		5	5
Inventories	149	2,045		-	-
Total current assets	41,322	40,282	8.2.1	43,659	40,564
Non-current assets					
Property, plant and equipment	2,122	2,381		294	316
Investment in subsidiaries	-	-		10	10
Investment in joint ventures	59,756	60,003		8,299	8,299
Total non-current assets	61,878	62,384	8.2.2	8,603	8,625
TOTAL ASSETS	103,200	102,666		52,262	49,189
<u>EQUITY AND LIABILITIES</u>					
Current liabilities					
Lease liabilities	39	38		39	38
Other payables	2,939	2,865		572	736
Total current liabilities	2,978	2,903		611	774
Non-current liabilities					
Lease liabilities	20	40		20	40
Equity					
Share capital	21,425	21,425		21,425	21,425
Reserves	(3,525)	(3,135)		-	-
Retained earnings	82,304	81,434		30,206	26,950
Equity attributable to owners of the Company	100,204	99,724	8.2.3	51,631	48,375
Non-controlling interests	(2)	(1)		-	-
Total equity	100,202	99,723		51,631	48,375
TOTAL LIABILITIES AND EQUITY	103,200	102,666		52,262	49,189

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 As at 30.06.2021	Audited As at 31.12.2020
	US\$'000	US\$'000
- Total borrowings		
Amount repayable in one year or less, or on demand (secured and guaranteed)	39	38
Amount repayable after one year (secured and guaranteed)	20	40
Total	59	78

The Group does not have any unsecured borrowings and debt securities as at 30 June 2021 and 31 December 2020.

Details of any collaterals:

The Group's borrowings as at 30 June 2021 consists of lease liabilities.

Lease liabilities 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.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group	
	Unaudited 1H2021 US\$'000	Unaudited 1H2020 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,218	1,682
Adjustments for:		
Share of profit of joint ventures	(3,410)	(2,276)
Depreciation of property, plant and equipment	205	200
Write back of inventories recognised as an income	(791)	-
Interest expense	2	3
Interest income	-	(279)
Operating cash flows before movements in working capital	(776)	(670)
Trade receivables	-	(81)
Other receivables	237	297
Trade payables	-	2
Other payables	158	(3,641)
Inventories	2,683	9
Cash generated from/(used in) operations	2,302	(4,084)
Income tax paid	-	(1)
Interest received	-	279
Interest paid	(2)	(3)
Net cash from/(used in) operating activities	2,300	(3,809)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment in a joint venture	(2,025)	-
Final payment of disposal of subsidiaries	-	2,962
Proceeds from disposal of financial assets measured at FVTPL	10,000	-
Purchase of property, plant and equipment	-	(11)
(Advances to)/Repayment from joint ventures	(220)	720
Net cash from in investing activities	7,755	3,671
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of lease liabilities	(20)	(21)
Dividend paid	(2,349)	(7,137)
Net cash used in financing activities	(2,369)	(7,158)
Net increase/(decrease) in cash and cash equivalents	7,686	(7,296)
Effect of exchange rate changes on cash and cash equivalents	(4)	(5)
Cash and cash equivalents at beginning of period	9,716	39,775
Cash and cash equivalents at end of period	17,398	32,474
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	17,398	1,849
Fixed deposits	-	30,625
Cash and cash equivalents per consolidated statements of cash flows	17,398	32,474

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.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital US\$'000	Merger reserve US\$'000	Pension reserve US\$'000	Translation reserve US\$'000	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total US\$'000
Balance at 1 January 2020 (as restated)	21,425	(3,156)	5	163	85,330	103,767	-*	103,767
Profit/(Loss) for the period	-	-	-	-	1,677	1,677	(1)	1,676
Other comprehensive loss	-	-	-	(307)	-	(307)	-	(307)
Total comprehensive income/(loss) 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)
Balance at 30 June 2020	21,425	(3,156)	5	(144)	79,870	98,000	(1)	97,999
Balance at 1 January 2021	21,425	(3,156)	(31)	52	81,434	99,724	(1)	99,723
Profit/(Loss) for the period	-	-	-	-	3,219	3,219	(1)	3,218
Other comprehensive loss	-	-	-	(390)	-	(390)	-	(390)
Total comprehensive (loss)/income for the period	-	-	-	(390)	3,219	2,829	(1)	2,828
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(2,349)	(2,349)	-	(2,349)
Balance at 30 June 2021	21,425	(3,156)	(31)	(338)	82,304	100,204	(2)	100,202

*Represents amount less than US\$1,000

CONDENSED INTERIM 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
<u>Company</u>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	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)
Balance at 30 June 2020	21,425	-	-	-	28,829	50,254	-	50,254
Balance at 1 January 2021	21,425	-	-	-	26,950	48,375	-	48,375
Profit for the period, representing total comprehensive income for the period	-	-	-	-	5,605	5,605	-	5,605
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(2,349)	(2,349)	-	(2,349)
Balance at 30 June 2021	21,425	-	-	-	30,206	51,631	-	51,631

- 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 2021, 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 2021 and 31 December 2020.

- 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 2021 was 316,211,360 (31 December 2020: 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 2021.

- 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 2021.

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

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

- 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 2020 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 2020 ("FY2020").

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2020.

The condensed interim financial statements are presented in US dollars which is the Company's functional currency.

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 2021, 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 2021 and 30 June 2020.

	Group	
	1H2021	1H2020
Earnings per ordinary share for the financial period		
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	1.0 cents	0.5 cents
(ii) On fully diluted basis (US\$ cents)	1.0 cents	0.5 cents
Weighted average number of shares (in '000)	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	As at	As at	As at
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value (US\$'000)	100,204	99,724	51,631	48,375
Number of ordinary share in issue (in '000)	316,211	316,211	316,211	316,211
Net asset value per ordinary share (US\$ cents)	31.7 cents	31.5 cents	16.3 cents	15.3 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

In 1H2021, 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, which is sold to its key customer of our joint venture, M-TechX United Pte Ltd; and
- sale of a cargo of gasoil (which was previously subject to an interim injunction) to its joint venture partner after the Court of Appeals set aside the injunction and ordered that the cargo to be released. For details of the cargo of gasoil and court injunction, kindly refer to the Company's announcement released on SGXNet on 14 May 2021.

8.1.1 Revenue

For the 1H2021, the revenue increased by US\$2.6 million or 3,174.7%, from US\$83,000 in 1H2020 to US\$2.7 million in 1H2021. This was mainly due to one-off sales of gasoil to its joint venture partner as mentioned above. Other than the one-off sales, the other portion of the revenue consists of revenue generated from the Nano-fibre oil absorbent manufacturing business.

8.1.2 Cost of Sales and Gross Loss

For 1H2021, cost of sales increased by US\$2.7 million or 1,230.1%, from US\$0.2 million in 1H2020 to US\$2.9 million in 1H2021. The increase was in line with the increase in revenue.

Our overall gross loss increased by US\$22,000, from US\$0.1 million in 1H2020 to US\$0.2 million in 1H2021 despite increased revenue mainly due to our oil absorbent manufacturing business segment reporting higher gross losses, and the one-off sales of gasoil was sold at its net realisable value after taking into account the write back of inventories recognised as other income.

The Group's Nano-fibre oil absorbent manufacturing business segment is reporting gross losses as it is currently operating at a low production rate due to slow orders. As a result, the segment 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\$0.5 million or 84.5%, from approximately US\$0.6 million in 1H2020 to US\$1.2 million in 1H2021, which was mainly due to write back of inventories recognised as an income after the Group sold the inventories at a higher net realisable value. The increase was partly mitigated by the absence of interest income from fixed deposits during the period.

8.1.4 Administrative Expenses

Our administrative expenses increased by US\$0.1 million or 9.9%, from US\$1.1 million in 1H2020 to US\$1.2 million in 1H2021 mainly due to higher bonus accrued as a result of higher profits compared to the previous corresponding period. The increase was partially mitigated by lower foreign exchange loss amounting to US\$0.1 million in 1H2021 compared to US\$0.2 million in 1H2020, that mainly arose from unrealised foreign exchange loss on the Singapore Dollars and United States Dollars denominated assets to the functional currency of each group entity.

8.1.5 Share of Profit of Joint Ventures

For the 1H2021, the share of profit of joint ventures increased by US\$1.1 million or 49.8%, from US\$2.3 million in 1H2020 to US\$3.4 million in 1H2021. This was mainly due to higher profit generated from our lubricants business from US\$2.3 million in 1H2020 to US\$3.5 million in 1H2021.

Detail breakdown of share of profit of joint ventures: -

	<u>1H2021</u> <u>US\$'000</u>	<u>1H2020</u> <u>US\$'000</u>
Lubricants (UOC Group)	3,484	2,276
Others	(74)	-
Total	3,410	2,276

8.1.6 Profit Before Tax ("**PBT**")

Our PBT increased by US\$1.5 million or 91.3%, from US\$1.7 million in 1H2020 to US\$3.2 million in 1H2021. This was mainly due to higher share of profit from our lubricants joint venture business and other income while partially offset by higher administrative expenses.

8.1.7 Share of Other Comprehensive Loss of Joint Ventures

Our share of other comprehensive loss in 1H2021 was mainly attributable to share of other comprehensive loss from lubricants business of US\$0.4 million. The other comprehensive loss is related to the currency translation differences arising from consolidation of the joint ventures' subsidiaries. The loss was the effect of devaluation of Indonesia Rupiah arising from the currency translation difference of the net assets of joint ventures.

Review of Statements of Financial Position

8.2.1 Current Assets

Current assets increased by US\$1.0 million from US\$40.3 million as at 31 December 2020 to US\$41.3 million as at 30 June 2021. The increase was mainly due to an increase in (i) cash and bank balances of US\$7.7 million; and (ii) other receivables of US\$5.3 million due to dividend declared but not yet received from a joint venture, UOC Group, as at the end of the financial period. The increase in current assets was partially offset a decrease in (i) financial assets at fair value through profit or loss of US\$10.0 million due to redemption of the financial assets investments upon maturity; and (ii) inventories of US\$1.9 million due to one-off sales of gasoil to its joint venture partner as mentioned above.

8.2.2 Non-Current Assets

Non-current assets decreased by US\$0.5 million from US\$62.4 million as at 31 December 2020 to US\$61.9 million as at 30 June 2021. The decrease was mainly due to a decrease in (i) investment in joint ventures of US\$0.2 million mainly due to UOC Group declaring a dividend amounting to US\$5.3 million to the Company and share of other comprehensive loss from joint ventures of US\$0.4 million, while the decrease was partially offset by share of profit from joint ventures, UOC Group, of US\$3.4 million and additional investment in a joint venture, Latitude United Shipping, of US\$2.0 million; and (ii) property, plant and equipment of US\$0.3 million mainly due to depreciation charge during the period and currency translation difference as a result of devaluation of Indonesia Rupiah.

8.2.3 Equity attributable to owners of the Company

As at 30 June 2021, equity attributable to owners of the Company amounted to US\$100.2 million which comprises of share capital, reserves, retained earnings and non-controlling interests. The increase of US\$0.5 million in equity was due to profit for the period of US\$3.2 million, partially offset by the dividend payment of US\$2.3 million and recognition of other comprehensive loss of US\$0.4 million for the period.

Review of Statements of Cash Flows

In 1H2021, net cash used in operating activities before changes in working capital amounted to US\$0.8 million while net cash from working capital amounted to US\$3.1 million. This was mainly due to (i) decrease from inventories of US\$2.7 million as a result of one-off sales of gasoil to its joint venture partner as mentioned above; (ii) decrease from other receivables of US\$0.2 million; and (iii) increase in other payables of US\$0.2 million. The net cash from operating activities amounted to US\$2.3 million in 1H2021.

Net cash from investing activities in 1H2021 was mainly due to redemption of the financial assets measured at FVTPL upon maturity while partially offset by (i) additional investment in a joint venture of US\$2.0 million for the Group to venture into shipping business; and (ii) advance to a joint venture of US\$0.2 million.

Net cash used in financing activities of US\$2.4 million in 1H2021 was mainly due to dividend payment of US\$2.3 million.

The cash and cash equivalents amounted to US\$17.4 million as at 30 June 2021.

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.

The outlook for the Group's key lubricants business for the next 12 months remains challenging. Against the backdrop of resurging outbreaks from Covid-19 variants, particularly in the region continue to weigh heavily on the Group's performance.

In addition, high crude oil prices, the price of base oil - a key ingredient in the blending of lubricants - coupled with escalating freight costs, are expected to dampen the Group's growth trajectory.

As such, the Group remains vigilant about the tough business conditions ahead and will continue to be disciplined in the management of its business costs and receivables. It is also actively on the look-out for new opportunities, backed by its strong experience and reputation in the region.

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 1H2021, 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
<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	35	21	-	-
Purchases of goods, service and rental cost	526	156	-	-

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 half year financial period ended 30 June 2021 to be false or misleading in any material aspect.

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

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

16. Disclosures on acquisition and realisation of shares pursuant to Catalist Rule 706A

Save as disclosed below, there were no acquisitions or realization of shares nor incorporation of any new subsidiary or associated company by the Company or any of the Group entities during 1H2021.

The Company's indirect joint venture entity, Latitude United Shipping Pte Ltd acquired 49% shareholding interest in PT Latitude Inti Mitra Abadi:

Name of entity	PT Latitude Inti Mitra Abadi
Effective date of change in interest	26 January 2021
Percentage of effective interest on issued and paid-up share capital held by the Company	22.05%
Principal activity	Logistics company providing maritime transport services

Please refer to the announcement dated 26 January 2021 for more details.

PART II - ADDITIONAL INFORMATION REQUIRED FOR SFRS(I) 1-34 INTERIM FINANCIAL REPORTING

17. Investment in Joint Ventures

	Group	
	30.06.2021	31.12.2020
	US\$'000	US\$'000
Cost of investment in joint ventures	56,547	54,522
Share of post-acquisition profit and other comprehensive income, net of dividend received	3,209	5,481
	59,756	60,003

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised:

Aggregate carrying amount of the Group's interests in material joint venture, United Oil Company Pte. Ltd. and its subsidiaries ("UOC Group"):

	30.06.2021	31.12.2020
	US\$'000	US\$'000
Net assets of UOC Group (refer section below for detailed breakdown)	54,422	57,979
Non-controlling interests share of UOC Group	(1,212)	(1,176)
Net assets attributable to owners of UOC Group	53,210	56,803
Proportion of the Group's ownership interest in UOC Group	60%	60%
Group's share of net assets of UOC Group	31,926	34,082
Goodwill	25,914	25,914
Carrying amount of the Group's interest in UOC Group	57,840	59,996

Summarised of aggregate information of joint ventures (other than UOC Group) that are not individually material are set out below:

	30.06.2021	31.12.2020
	US\$'000	US\$'000
The Group's share of (loss)/profit	(74)	7
The Group's share of total comprehensive (loss)/income	(116)	7
Aggregate carrying amount of the Group's interests in these joint ventures	1,916	7

Summarised financial information in respect of UOC Group on a 100% basis is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with SFRS(I)s, adjusted to reflect adjustments made by the Group when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

	Unaudited 30.06.2021 US\$'000	Audited 31.12.2020 US\$'000	
<u>Consolidated statement of financial position</u>			
Current assets	58,261	46,600	
Cash and cash equivalents	13,610	16,844	
Trade receivables	21,122	16,842	
Inventories	20,124	10,701	
Non-current assets	34,228	34,655	
Current liabilities	30,350	15,429	
Trade payables	11,959	6,861	17.1
Current financial liabilities (excluding trade and other payables and provisions)	2,651	2,129	17.2
Non-current liabilities	7,717	7,847	
Non-current financial liabilities (excluding trade and other payables and provisions)	2,750	2,797	
Total equity	54,422	57,979	
	Unaudited 1H2021 US\$'000	Unaudited 1H2020 US\$'000	
<u>Consolidated statement of profit or loss and other comprehensive income</u>			
Revenue	66,162	33,967	17.3
Profit from the period	6,587	3,832	
Depreciation and amortisation arising from purchase price allocation exercise, net of tax	(712)	-	
Other comprehensive loss	(633)	(532)	17.4
Total comprehensive income	5,242	3,300	17.5
Dividend receivable from joint venture during the period	5,280	-	
<u>The above profit and loss for the period include the following:</u>			
Depreciation and amortisation	(522)	(457)	
Interest income	61	74	
Interest expenses	(118)	(111)	
Income tax expenses	(1,370)	(814)	
<u>Other disclosure</u>			
Gross profit	14,639	8,370	17.6
Gross profit margin %	22.1%	24.6%	17.6
Distribution cost	(2,816)	(1,043)	17.7
Administrative expenses	(4,180)	(3,016)	17.8

Share of profit of UOC Group

	Unaudited	Unaudited
	1H2021	1H2020
	US\$'000	US\$'000
Profit from the period	6,587	3,832
Non-controlling interests share of UOC Group's profit	(68)	(39)
Depreciation and amortisation arising from purchase price allocation exercise, net of tax*	(712)	-
Profit attributable to owners of UOC Group	5,807	3,793
Proportion of the Group's ownership interest in UOC Group	60%	60%
Share of profit of UOC Group	3,484	2,276

* During 2nd half of 2020 ("2H2020"), the Group has performed a Purchase Price Allocation ("PPA") exercise in relation to the Group recognition of the deemed acquisition of 60% of the share capital of UOC Group. The Group have retrospectively restated the amounts of the items which form part of the investment in joint ventures (the UOC Group) recognised at the deemed acquisition date as there is a 12 months measurement period from the acquisition date to complete the PPA to reflect the new information obtained about facts and circumstances that existed as of the acquisition date. As the exercise was completed at 2H2020, no depreciation and amortisation arising from purchase price allocation exercise, net of tax during 1H2020 was recognised.

Review of UOC Group (Lubricant Business)

17.1 Trade payables

Trade payables increased by US\$5.1 million from US\$6.9 million as at 31 December 2020 to US\$12.0 million as at 30 June 2021. This was mainly due to UOC group purchasing more inventories from its suppliers.

17.2 Current financial liabilities (excluding trade and other payables and provisions)

Current financial liabilities (excluding trade and other payables and provisions) comprising mainly bank borrowings and lease liabilities increased by US\$0.5 million from US\$2.1 million as at 30 June 2021 to US\$2.7 million as at 30 June 2021. This was mainly due to increase of trust receipts in 1H2021.

17.3 Revenue (Lubricant Business only)

For the 1H2021, the revenue increased by US\$32.2 million or 94.8%, from US\$34.0 million in 1H2020 to US\$66.2 million in 1H2021. This was mainly due to an increase for both sales volume and average selling price.

17.4 Other comprehensive loss (Lubricant Business only)

The other comprehensive loss 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 our Indonesia entity (part of UOC Group).

17.5 Total comprehensive income (Lubricant Business only)

The total comprehensive income increased by US\$1.9 million from US\$3.3 million in 1H2020 to US\$5.2 million in 1H2021. This was mainly due to increase in profit by US\$2.8 million from US\$3.8 million in 1H2020 to US\$6.6 million in 1H2021 while partially offset by the depreciation and amortisation arising from purchase price allocation, net of tax amounting to US\$0.7 million.

17.6 Gross profit and gross profit margin (Lubricant Business)

The overall gross profit increased by US\$6.3 million or 74.9% from US\$8.4 million in 1H2020 to US\$14.6 million. This was mainly due to increase in revenue as a result of higher sales volume in 1H2021.

The overall gross profit margin decreased by 2.5 percentage point from 24.6% in 1H2020 to 22.1% in 1H2021, mainly due to higher raw materials cost in 1H2021.

17.7 Distribution cost (Lubricant Business only)

The distribution cost increased by US\$1.8 million or 170.0% from US\$1.0 million in 1H2020 to US\$2.8 million in 1H2021. The increase was in line with the increase in revenue which is mainly due to higher sales volume and average selling price. The higher freight rate and higher marketing cost during the financial period are other contributing factors to higher distribution cost.

17.8 Administrative expenses (Lubricant Business only)

The administrative expenses increased by US\$1.2 million or 38.6% from US\$3.0 million in 1H2020 to US\$4.2 million in 1H2021, mainly due to foreign exchange loss amounting to US\$0.2 million in comparison to foreign exchange gain in 1H2020 of US\$0.2 million and higher staff cost.

Group	
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18. Revenue

	Group	
	1H2021 US\$'000	1H2020 US\$'000
Manufacturing	43	83
Trading	2,675	-
Sale of goods – At a point in time	2,718	83

19. Categories of Financial Instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	30.06.2021 US\$'000	31.12.2020 US\$'000	30.06.2021 US\$'000	31.12.2020 US\$'000
Financial assets				
Amortised cost	25,840	12,888	28,625	15,505
Fair value through profit or loss	15,000	25,000	15,000	25,000
Financial liabilities				
Amortised cost	2,939	2,865	572	736
Lease liabilities	59	78	59	78

20. Financial Assets at Fair Value Through Profit or Loss

Fair value measurement

The following table presented the assets measured at fair value.

Financial assets	Fair value as at (US\$'000) 30.06.2021	Fair value as at (US\$'000) 31.12.2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Financial assets at fair value through profit or loss					
Currency linked structured investment	-	10,000	Level 2	Future additional cash flows are estimated based on contracted interest rate should the USD/SGD exchange rates remain within the contracted upper and lower barrier rates during the contract period to maturity.	N/A
Currency linked structured investment	15,000	15,000	Level 2	Future additional cash flows are estimated based on contracted interest rate should the USD/INR and USD/TWD exchange rates remain within the contracted barrier rates during the contract period to maturity.	N/A

21. Other Receivables

	Group		Company	
	30.06.2021 US\$'000	31.12.2020 US\$'000	30.06.2021 US\$'000	31.12.2020 US\$'000
Advance due from subsidiaries	-	-	5,492	6,338
Loan receivable	2,462	2,462	-	-
Other receivables from third parties	1	6	-	-
Other receivables from related parties	7,024	1,748	6,987	1,705
Prepayments	45	54	29	54
Deposits	8	8	7	7
Non-corporate tax recoverable	283	290	-	-
	9,823	4,568	12,515	8,104
Less: Impairment loss recognised on other receivables	(1,056)	(1,056)	(1,056)	(2,074)
	8,767	3,512	11,459	6,030

Other receivables from related parties included amounts due from joint venture companies; (i) United Fuels Alliance Pte Ltd, for which an impairment loss of US\$1,056,000 was recognised and; (ii) United Oil Company Pte Ltd, which mainly related to the dividend receivable from the company.

For purpose of impairment assessment, the other receivables are considered to have low credit risk as the Company is able to exert its influence over the timing of repayment and there has been no significant increase in the risk of default on the amounts due from related parties since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

22. Financial Assets at Fair Value Through Profit or Loss

	Group and Company	
	30.06.2021	31.12.2020
	US\$'000	US\$'000
Financial assets measured at FVTPL	15,000	25,000

The Group has invested in a currency linked principal protected structured investment which pegged its investment return based on the exchange rate movement during the investment period.

As at the end of the reporting period, the outstanding contracts has a total notional principal value of US\$15,000,000 with interest rates ranging from 0% to 4.0% per annum and maturity period of 12 months.

23. Inventories

	Group	
	30.06.2021	31.12.2020
	US\$'000	US\$'000
At cost:		
Raw materials	44	45
Finished products	105	2,000
	149	2,045

During 1H2021, the Group has sold the gasoil, which has been accounted as finished products in inventories at 31 December 2020, to its joint venture partner as mentioned above. The remaining inventories as at 30 June 2021 are related to manufacturing of Nano-fibre oil absorbent materials.

24. Dividend

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Paid final tax exempt (one-tier) dividend 1.0 Singapore cents (1H2019: 3.2 Singapore cents) per ordinary share in respect of the financial year ended 31 December 2020 (FY2019)	2,349	7,137

25. Related party transactions

Other than disclosed elsewhere in the condensed interim financial statements, material transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Transactions with joint ventures:		
Management fee income	300	300
Income from secondment	52	32
Sales of goods	37	83
Purchases of goods, services and rental cost	11	11

26. Segment Information

For management purposes, the Group is organised into the following reportable operating segments as follows:

- (a) Manufacturing : Manufacturing of Nano-fibre oil absorbent materials and lubricant products
- (b) Trading : Sales of gasoil and Nano-fibre oil absorbent materials
- (c) Others : Maritime transportation activities

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

	Manufacturing		Trading		Others		Total	
	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Total revenue	43	83	2,675	-	-	-	2,718	83
Gross loss	(155)	(133)	-	-	-	-	(155)	(133)
Share of profit/(loss) of joint ventures								
- UOC Group	3,484	2,276	-	-	-	-	3,484	2,276
- Others	-	-	3	-	(77)	-	(74)	-
	3,484	2,276	3	-	(77)	-	3,410	2,276
Segment results	3,329	2,143	3	-	(77)	-	3,255	2,143
Depreciation of plant and equipment (excluding machinery)							(27)	(27)
Write back of inventories recognised as an income							791	-
Interest income							-	279
Finance costs							(2)	(3)
Other unallocated expenses							(799)	(710)
Profit before tax							3,218	1,682
Income tax expense							-	(6)
Profit for the period							3,218	1,676

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

	<u>1H2021</u> US\$'000	<u>1H2020</u> US\$'000
Based on location of customers		
Indonesia	16	-
Philippines	2,675	-
Singapore	27	83
Total	2,718	83

Information about major customers

In 1H2021, the Group has only one major customer (1H2020: one) that had contributed more than 10 percent to the revenue of the Group.

27. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

28. Use of Estimates and Judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 December 2020.

BY ORDER OF THE BOARD OF DIRECTORS

Tan Thuan Hor, Jacky
Executive Director / Chief Executive Officer

11 August 2021