

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH (“1Q”) 2018

*This announcement has been prepared by United Global Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

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

The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road #21-02 AIA Tower Singapore 048542, telephone (65) 6532 3829.

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”, “U Star Lube”, “Bell1”, “HydroPure” and “Ichiro” 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.

As the Company’s market capitalisation as at 31 December 2016 had crossed the S\$75 million threshold, pursuant to Rule 705(2)(c) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), the Company is required to announce its unaudited financial results on a quarterly basis. As this is the first time the Company is subject to this rule, and in reliance of the one year grace period allowed under Rule 705(2)(c) of the Catalist Rules, this will be the Company’s maiden quarterly unaudited financial results for the quarter ending 31 March 2018.

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		Q-Q	Ref
	Unaudited 1Q2018 US\$'000	Unaudited 1Q2017 US\$'000	Increase/ (Decrease) %	
Revenue	30,972	19,762	56.7%	8.1.1
Cost of sales	(25,119)	(16,199)	55.1%	8.1.2
Gross profit	5,853	3,563	64.3%	8.1.2
Other income	83	149	(44.3%)	8.1.3
Distribution cost	(832)	(484)	71.9%	8.1.4
Administrative expenses	(2,173)	(1,183)	83.7%	8.1.5
Other expenses	(21)	-	NM	8.1.6
Share of profit/(loss) of joint ventures	7	(2)	NM	
Finance costs	(74)	(35)	111.4%	8.1.7
Profit before tax	2,843	2,008	41.6%	8.1.8
Income tax expense	(577)	(332)	73.8%	8.1.9
Profit for the period	2,266	1,676	35.2%	
Profit attributable to:				
Equity holders of the Company	2,227	1,676		
Non-controlling interests	39	-		
	2,266	1,676		
Profit for the period	2,266	1,676		
<i>Other comprehensive loss:</i>				
Currency translation differences arising from consolidation	(266)	-		
Total comprehensive profit for the period	2,000	1,676		
Total comprehensive income attributable to:				
Equity holders of the Company	1,974	1,676		
Non-controlling interests	26	-		
	2,000	1,676		

NM : Not meaningful

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

Charging / (crediting):-	Unaudited 1Q2018 US\$'000	Unaudited 1Q2017 US\$'000	Change Increase / (Decrease) %
Depreciation of property, plant and equipment	159	62	156.5%
Depreciation of investment properties	21	-	NM
Amortisation of customer relationships	26	-	NM
Foreign exchanges loss/(gain), net	249	(78)	NM
Loss/(gain) on disposal of property, plant and equipment	2	(3)	NM
Interest income	(19)	(11)	72.7%
Interest on borrowings	74	35	111.4%

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	Audited		Unaudited	Audited
	31.03.2018 US\$'000	31.12.2017 US\$'000		31.03.2018 US\$'000	31.12.2017 US\$'000
ASSETS					
Current assets					
Cash and bank balances	10,352	10,555		139	62
Trade receivables	19,032	19,064		-	-
Other receivables	1,362	825		10,204	10,181
Inventories	13,520	13,064		-	-
Total current assets	44,266	43,508	8.2.1	10,343	10,243
Non-current assets					
Other receivable	3,000	2,000		-	-
Property, plant and equipment	8,045	8,135		288	296
Investment properties	2,031	1,936		-	-
Intangible assets	732	758		-	-
Investment in subsidiaries	-	-		13,831	13,831
Investment in joint ventures	282	179		-	-
Deferred tax assets	139	159		-	-
Total non-current assets	14,229	13,167	8.2.2	14,119	14,127
TOTAL ASSETS	58,495	56,675		24,462	24,370
EQUITY AND LIABILITIES					
Current liabilities					
Bank borrowings	7,005	8,930		-	-
Finance leases	59	57		36	32
Trade payables	8,288	6,659		-	-
Other payables	2,828	2,905		752	778
Amount due to director	2,240	2,240		-	-
Current tax payable	1,557	1,387		109	161
Total current liabilities	21,977	22,178	8.2.3	897	971
Non-current liabilities					
Bank borrowings	20	21		-	-
Finance leases	140	152		140	148
Retirement benefits obligations	450	437		-	-
Deferred tax liabilities	251	230		9	9
Total non-current liabilities	861	840	8.2.4	149	157
Equity					
Share capital	21,425	21,425		21,425	21,425
Reserves	(3,666)	(3,413)		-	-
Retained earnings	16,985	14,758		1,991	1,817
Equity attributable to owners of the Company	34,744	32,770		23,416	23,242
Non-controlling interests	913	887		-	-
Total equity	35,657	33,657	8.2.5	23,416	23,242
TOTAL EQUITY AND LIABILITIES	58,495	56,675		24,462	24,370

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group	
	As at 31.03.2018	As at 31.12.2017
	US\$'000	US\$'000
- Total bank borrowings		
Amount repayable in one year or less, or on demand (secured and guaranteed)	7,064	8,987
Amount repayable after one year (secured and guaranteed)	160	173
Total	7,224	9,160

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

Details of any collaterals:

The Group's borrowings as at 31 March 2018 comprise of bank loans and revolving credits, trade bills and finance leases.

Bank borrowings of US\$7.2 million as at 31 March 2018 (31 December 2017: US\$9.2 million) obtained by subsidiaries is secured by one or several of (i) fixed deposits of US\$1.4 million (31 December 2017: US\$1.4 million) and (ii) mortgage over leasehold properties located at Singapore and Indonesia.

Finance lease facilities are secured against the respective motor vehicles.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group	
	Unaudited 1Q2018 US\$'000	Unaudited 1Q2017 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,843	2,008
Adjustments for:		
Share of (profit)/loss of joint ventures	(7)	2
Depreciation of property, plant and equipment	159	62
Loss/(gain) on disposal of property, plant and equipment	2	(3)
Depreciation of investment properties	21	-
Amortisation of intangible assets	26	-
Interest expense	74	35
Interest income	(19)	(11)
Operating cash flows before movements in working capital	<u>3,099</u>	2,093
Trade receivables	32	1,274
Other receivables	(536)	(11)
Trade payables	1,629	(2,459)
Other payables	(75)	(324)
Inventories	<u>(457)</u>	<u>(570)</u>
Cash generated from operations	3,692	3
Income tax paid	(366)	(245)
Interest received	19	11
Interest paid	(74)	(35)
Net cash from/(used in) operating activities	<u>3,271</u>	<u>(266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(13)
Purchase of property, plant and equipment	(188)	(49)
Acquisition on investment in joint venture	(97)	-
Advances to joint venture	<u>(1,000)</u>	-
Net cash used in investing activities	<u>(1,285)</u>	<u>(62)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	7,148	8,169
Repayment of bank borrowings	(9,073)	(9,721)
Repayments of obligation under finance leases	(11)	-
Decrease in pledged fixed deposits	-	625
Net cash used in financing activities	<u>(1,936)</u>	<u>(927)</u>

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)

	Group	
	Unaudited	Unaudited
	1Q2018	1Q2017
	US\$'000	US\$'000
Net increase (decrease) in cash and cash equivalents	50	(1,255)
Effect of exchange rate changes on cash and cash equivalents	(253)	-
Cash and cash equivalents at beginning of period	9,119	12,228
Cash and cash equivalents at end of period	8,916	10,973
Consolidated cash and cash equivalents are represented by:		
Cash and bank balances	8,843	6,461
Fixed deposits	1,509	5,934
	10,352	12,395
Less: Restricted cash (pledged fixed deposits)	(1,436)	(1,422)
Cash and cash equivalents per consolidated statements of cash flows	8,916	10,973

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
Balance at 1 January 2017	13,233	(3,156)	-	-	7,760	17,837	-	17,837
Profit for the period, representing total comprehensive income for the period	-	-	-	-	1,676	1,676	-	1,676
Balance at 31 March 2017	13,233	(3,156)	-	-	9,436	19,513	-	19,513
Balance at 1 January 2018	21,425	(3,156)	7	(264)	14,758	32,770	887	33,657
Profit for the period	-	-	-	-	2,227	2,227	39	2,266
Other comprehensive loss	-	-	-	(253)	-	(253)	(13)	(266)
Total comprehensive income for the period	-	-	-	(253)	2,227	1,974	26	2,000
Balance at 31 March 2018	21,425	(3,156)	7	(517)	16,985	34,744	913	35,657

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company								
Balance at 1 January 2017	13,233	-	-	-	1,278	14,511	-	14,511
Profit for the period, representing total comprehensive income for the period	-	-	-	-	226	226	-	226
Balance at 31 March 2017	13,233	-	-	-	1,504	14,737	-	14,737
Balance at 1 January 2018	21,425	-	-	-	1,817	23,242	-	23,242
Profit for the period, representing total comprehensive income for the period	-	-	-	-	174	174	-	174
Balance at 31 March 2018	21,425	-	-	-	1,991	23,416	-	23,416

- 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 three months ended 31 March 2018, there has been no change in the issued and paid-up share capital of the Company. There are also no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company had on 14 June 2016 adopted the United Global Performance Share Plan (“PSP”). The Company has not granted any awards under the PSP as at the date of this announcement.

Save as disclosed above, the Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 31 March 2018 and 31 December 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary share (excluding treasury shares) as at 31 March 2018 was 316,211,360 (as at 31 December 2017: 316,211,360).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during the period ended and as at 31 March 2018.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during the period ended and as at 31 March 2018.

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

The figures have not been audited nor reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in item 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2017.

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

On 1 January 2018, the Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and the Interpretations of Financial Reporting Standards ("Interpretations FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and Interpretations FRS 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 years.

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 31 March 2018 and 31 March 2017.

	Group	
	1Q2018	1Q2017
Earnings per ordinary share for the financial period:-		
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	<u>0.7 cents</u>	<u>0.6 cents</u>
(ii) On fully diluted basis (US\$ cents)	<u>0.7 cents</u>	<u>0.6 cents</u>
Weighted average number of shares (in '000)	<u>316,211</u>	<u>282,812</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	As at	As at	As at
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net asset value (US\$'000)	34,744	32,770	23,416	23,242
Number of ordinary share in issue (in '000)	316,211	316,211	316,211	316,211
Net asset value per ordinary share (US\$ cents)	<u>11.0 cents</u>	10.4 cents	<u>7.4 cents</u>	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>	1Q2018		1Q2017		Change Increase/ (Decrease) %
	US\$'000	%	US\$'000	%	
Manufacturing	30,249	97.7	13,445	68.0	125.0
Trading	723	2.3	6,317	32.0	(88.6)
Group	<u>30,972</u>	100.0	<u>19,762</u>	100.0	56.7

For the 1Q2018, the Group recorded a 3-months contribution from PT Pacific Lubritama Indonesia ("PLI") which was acquired by the Group on 20 July 2017. The revenue contribution from PLI are all recorded under the manufacturing business segment.

Prior to the acquisition of PLI, the Group had sold raw materials (categorised under the trading business segment) and certain finished products with minimal volume (categorised under the manufacturing business segment) to PLI. The consolidation of PLI's accounts since July 2017 eliminates the inter-group cross selling, thereby reducing both the revenue and sales volume (particularly under the trading business segment) from the Group's existing business in Singapore.

For 1Q2018, revenue increased by US\$11.2 million or 56.7%, from US\$19.8 million in 1Q2017 to US\$31.0 million in 1Q2018. This was due to an increase in revenue from the manufacturing business segment of US\$16.8 million or 125.0%. The increase was partially offset by a decrease in revenue from the trading business segment of US\$5.6 million or 88.6%.

Manufacturing

Revenue from our manufacturing business segment increased mainly due to an increase in sales volume and partially offset with the decrease in average selling price. The higher sales volume was contributed by PLI of Indonesia and also in our Singapore plant. The decrease in average selling price from our manufacturing business segment in 1Q2018 was mainly due to the lower average selling price of PLI, as PLI has different product mix compared to our Singapore plant.

Trading

The drop in revenue from the trading business segment was mainly due to decrease in sales volume as a result of elimination of the inter-group base oil and additives cross selling from our Singapore plant to PLI, subsequent to the consolidation of PLI's accounts.

Review of Group's Performance (continue)

8.1.2 *Cost of Sales and Gross Profit*

	1Q2018		1Q2017		Change Increase/ (Decrease)
<u>Gross profit</u>	US\$'000	%	US\$'000	%	%
Manufacturing	5,776	98.7	3,318	93.1	74.1
Trading	77	1.3	245	6.9	(68.6)
Group	<u>5,853</u>	100.0	<u>3,563</u>	100.0	64.3
	1Q2018		1Q2017		
<u>Gross profit margin</u>	%		%		
Manufacturing	19.1		24.7		
Trading	10.7		3.9		
Group	18.9		18.0		

Cost of sales increased by US\$8.9 million or 55.1%, from US\$16.2 million in 1Q2017 to US\$25.1 million in 1Q2018. This was mainly due to an increase in the cost of raw materials which is in line with the increase in revenue in our manufacturing business segment.

Our overall gross profit increased by US\$2.3 million or 64.3%, from US\$3.6 million in 1Q2017 to US\$5.9 million in 1Q2018.

Our overall gross profit margins improved by 0.9 percentage point, from 18.0% in 1Q2017 to 18.9% in 1Q2018 due mainly to higher contribution from our manufacturing business segment. The Group recorded a 5.6 percentage point decrease in gross profit margin in our manufacturing business segment, from 24.7% in 1Q2017 to 19.1% in 1Q2018, mainly due to different product mix in 1Q2018.

Revenue from the trading business segment in 1Q2017 was mainly to PLI which were in bulk orders. In contrast for 1Q2018, our revenue under the trading business segment were sales to third parties customer (excluding PLI) which were mainly in smaller sizes of transactions hence we were able to command higher gross profit margin.

8.1.3 *Other Income*

Other income decreased by US\$66,000 or 44.3%, from approximately US\$149,000 in 1Q2017 to approximately US\$83,000 in 1Q2018, mainly due to higher grants received from a third party supplier in 1Q2017.

8.1.4 *Distribution Cost*

Our distribution cost increased by US\$0.3 million or 71.9%, from US\$0.5 million in 1Q2017 to US\$0.8 million in 1Q2018, mainly due to higher freight and transportation costs and the inclusion of PLI's 3-months distribution cost.

8.1.5 *Administrative Expenses*

Our administrative expenses increased by US\$1.0 million or 83.7%, from US\$1.2 million in 1Q2017 to US\$2.2 million in 1Q2018, mainly due to inclusion of PLI's 3-months administrative expenses, higher staff payroll costs of the Group, and foreign exchange loss in 1Q2018 that arose from translation differences on the Singapore Dollars and United States Dollars denominated liabilities, being mainly trade and other payables, to the functional currency of each group entity.

8.1.6 *Other Expenses*

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

8.1.7 *Finance Costs*

Our finance costs increased by approximately US\$39,000 or 111.4%, from US\$35,000 in 1Q2017 to US\$74,000 in 1Q2018 mainly due to higher borrowing costs and higher borrowings for working capital.

8.1.8 *Profit before Tax ("PBT")*

Our PBT increased by US\$0.8 million or 41.6%, from US\$2.0 million in 1Q2017 to US\$2.8 million in 1Q2018. This was mainly due to increases in gross profit and partially offset by higher distribution cost and administrative expenses.

8.1.9 *Income Tax Expenses*

Income tax expenses increased by US\$0.2 million or 73.8%, from US\$0.3 million in 1Q2017 to US\$0.6 million in 1Q2018. This was mainly due to higher PBT in 1Q2018.

Review of Statements of Financial Position

8.2.1 *Current Assets*

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

As at 31 March 2018, current assets amounted to US\$44.3 million or 75.7% of our total assets. Trade receivables was the largest component of our current assets, accounting for US\$19.0 million or 43.0% of our current assets. Inventories accounted for US\$13.5 million or 30.5% of our current assets and comprised raw materials, finished products and work-in-progress. Cash and bank balances accounted for US\$10.4 million or 23.4% of our current assets. The remaining balance of current assets comprised other receivables of US\$1.4 million. Increase in other receivables was mainly due to higher advance payment made to suppliers.

8.2.2 *Non-Current Assets*

Non-current assets comprise of property, plant and equipment, investment properties, intangible assets, investment in joint ventures, deferred tax assets and other receivable.

As at 31 March 2018, non-current assets amounted to US\$14.2 million or 24.3% of our total assets.

Property, plant and equipment amounted to US\$8.0 million or 56.5% of our non-current assets, comprising mainly leasehold properties, machinery and equipment, motor vehicles, renovation, and construction-in-progress. The other receivable refers to shareholder's loan to joint venture of US\$3.0 million. Investment properties comprise of leasehold buildings and land. Intangible assets comprise of customer relationships and club membership. The remaining balance of non-current assets of US\$0.4 million comprised investment in joint ventures and deferred tax assets.

8.2.3 *Current Liabilities*

Current liabilities comprise of short-term bank borrowings, finance leases, trade payables, other payables, amount due to director and current tax payable.

As at 31 March 2018, current liabilities amounted to US\$22.0 million or 96.2% of our total liabilities.

Current liabilities decreased by US\$0.2 million from US\$22.2 million as at 31 December 2017 to US\$22.0 million as at 31 March 2018. The decrease was mainly due to a decrease in short-term bank borrowings of US\$1.9 million. The decrease was partially offset by an increase in trade payables of US\$1.6 million due to higher trade payables owing to suppliers with longer credit terms.

8.2.4 *Non-Current Liabilities*

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

8.2.5 *Equity*

As at 31 March 2018, equity amounted to US\$35.7 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$2.0 million in equity was due to recognition of profit for the period.

Review of Statements of Cash Flows

In 1Q2018, net cash from operating activities before changes in working capital amounted to US\$3.1 million while net cash generated from working capital amounted to US\$0.6 million. This was mainly due to (i) increase from trade payable of US\$1.6 million; (ii) increase from inventories of US\$0.5 million; and (iii) decrease from other receivable of US\$0.5 million. The Group paid income tax of US\$0.4 million in 1Q2018. The net cash generated from operating activities amounted to US\$3.3 million in 1Q2018.

Net cash used in investing activities mainly due advances to joint venture of US\$1.0 million.

Net cash used in financing activities of US\$1.9 million in 1Q2018 was mainly due to the repayment of bank borrowings of US\$9.1 million partially offset by the proceeds from bank borrowings of US\$7.2 million.

The cash and cash equivalents amounted to US\$8.9 million as at 31 March 2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. There was no forecast or prospect statements previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our Group's businesses depend on markets and economic conditions in the Asia-Pacific region and the overall business conditions in this region are expected to remain challenging.

The Group will remain cautious in our investment approach to explore strategic opportunities to further expand and diversify our business through investments, acquisitions and/or joint ventures with parties who can enhance value for shareholders.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

13. If the group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group had a general mandate from shareholders for interested person transactions in relation to (i) sale of base oils, additives and lubricants to PLI and (ii) purchase of processed additives and lubricants from PLI ("**Shareholders' Mandate**") which has been effective since 8 July 2016, upon the IPO, and renewed at the annual general meeting held on 27 April 2017.

Following the completion of the acquisition of 95% of total issued and paid-up shares of PLI on 20 July 2017, the transactions entered into between the Group and PLI are no longer considered as interested person transactions under Chapter 9 of the Catalist Rules. Accordingly, the Group is not required to adhere to the guidelines and review procedures imposed under the Shareholder's Mandate for the transactions entered into with PLI with effect from 20 July 2017. In view of the foregoing, the Group did not seek a renewal of the Shareholders' Mandate at the recent annual general meeting ("**AGM**") held on 30 April 2018 and the Shareholders' Mandate has expired upon the conclusion of the AGM.

There were no interested person transactions exceeding S\$100,000 for 1Q2018.

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 three-months financial period ended 31 March 2018 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Tan Thuan Hor, Jacky
Executive Director / Chief Executive Officer

7 May 2018