
UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER (“4Q”) AND TWELVE MONTHS (“FY”) FINANCIAL YEAR ENDED 31 DECEMBER 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.

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Background

United Global Limited (together with its subsidiaries, the “**Group**”) was listed on Catalist of the SGX-ST on 8 July 2016. The Group is an established independent lubricant manufacturer and trader providing a wide range of high quality, well-engineered lubricants under its in-house brands such as “United Oil” as well as manufacturing lubricants for third-party principals’ brands. The Group’s other core business is in the trading of base oils, additives and lubricants. The Group supplies lubricant products globally to over 30 countries and it mainly serves the automotive, industrial and marine sectors.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			Group			Ref
	Three months ended		Increase/ (Decrease) %	Twelve months ended		Increase/ (Decrease) %	
	Unaudited 4Q2018 US\$'000	Unaudited 4Q2017 US\$'000		Unaudited FY2018 US\$'000	Audited FY2017 US\$'000		
Revenue	26,029	31,229	(16.7%)	108,472	99,825	8.7%	8.1.1
Cost of sales	(20,668)	(25,343)	(18.4%)	(87,992)	(81,318)	8.2%	8.1.2
Gross profit	5,361	5,886	(8.9%)	20,480	18,507	10.7%	8.1.2
Other income	76	96	(20.8%)	301	1,714	(82.4%)	8.1.3
Distribution cost	(697)	(767)	(9.1%)	(2,902)	(2,470)	17.5%	8.1.4
Administrative expenses	(1,443)	(2,279)	(36.7%)	(8,158)	(6,837)	19.3%	8.1.5
Other expenses	(20)	(19)	5.3%	(81)	(40)	>100%	8.1.6
Share of profit of joint ventures	19	4	>100%	42	7	>100%	
Finance costs	(58)	(67)	(13.4%)	(264)	(277)	(4.7%)	8.1.7
Profit before tax	3,238	2,854	13.5%	9,418	10,604	(11.2%)	8.1.8
Income tax expense	(582)	(272)	>100%	(1,738)	(1,353)	28.5%	8.1.9
Profit for the period/year	2,656	2,582	2.9%	7,680	9,251	(17.0%)	
<i>Other comprehensive income/(loss):</i>							
Currency translation differences arising from consolidation	499	202	>100%	(1,125)	(272)	>100%	
Remeasurement of defined benefit obligation	(14)	71	NM	(14)	4	NM	
Total comprehensive income for the period/year	3,141	2,855	10.0%	6,541	8,983	(27.2%)	
Profit attributable to:							
Equity holders of the Company	2,615	2,542	2.9%	7,599	9,172	(17.2%)	
Non-controlling interests	41	40	2.5%	81	79	2.5%	
	2,656	2,582	2.9%	7,680	9,251	(17.0%)	
Total comprehensive income attributable to:							
Equity holders of the Company	3,075	2,772	10.9%	6,517	8,915	(26.9%)	
Non-controlling interests	66	83	(20.5%)	24	68	(64.7%)	
	3,141	2,855	10.0%	6,541	8,983	(27.2%)	

NM : Not meaningful

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

	Group			Group		
	Three months ended (Unaudited)			Twelve months ended (Unaudited) (Audited)		
	4Q2018 US\$'000	4Q2017 US\$'000	Change %	FY2018 US\$'000	FY2017 US\$'000	Change %
Charging / (crediting):-						
Allowance for doubtful debts - trade	50	-	NM	50	-	NM
Amortisation of customer relationships	26	26	-	105	52	>100%
Depreciation of property, plant and equipment	235	146	61.0%	774	404	91.6%
Depreciation of investment properties	1	19	(94.7%)	62	40	55.0%
Foreign exchanges (gain)/loss, net	(327)	139	NM	788	293	>100%
Gain on bargain purchase	-	-	-	-	(1,358)	NM
Gain on disposal of property, plant and equipment	(11)	(1)	>100%	(13)	(4)	>100%
Interest income	(2)	(16)	(87.5%)	(52)	(79)	(34.2%)
Interest on borrowings	58	67	(13.4%)	264	277	(4.7%)
Under/(over) provision of current tax in prior years	66	(106)	NM	66	(106)	NM

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 31.12.2018 US\$'000	Audited 31.12.2017 US\$'000	Audited 01.01.2017 US\$'000		Unaudited 31.12.2018 US\$'000	Audited 31.12.2017 US\$'000	Audited 01.01.2017 US\$'000
ASSETS							
Current assets							
Cash and bank balances	7,536	10,555	14,275		530	62	849
Trade receivables	18,531	19,064	12,761		-	-	-
Other receivables	4,032	825	319		9,134	10,181	8,517
Inventories	15,073	13,064	4,452		-	-	-
Total current assets	45,172	43,508	31,807	8.2.1	9,664	10,243	9,366
Non-current assets							
Other receivable	1,000	2,000	-		-	-	-
Property, plant and equipment	10,328	8,135	2,243		271	296	-
Investment properties	1,855	1,936	-		-	-	-
Intangible assets	653	758	61		-	-	-
Investment in subsidiaries	-	-	-		14,251	13,831	5,640
Investment in joint ventures	569	179	78		-	-	-
Deferred tax assets	118	159	-		-	-	-
Total non-current assets	14,523	13,167	2,382	8.2.2	14,522	14,127	5,640
TOTAL ASSETS	59,695	56,675	34,189		24,186	24,370	15,006
EQUITY AND LIABILITIES							
Current liabilities							
Bank borrowings	7,145	8,930	2,986		-	-	-
Finance leases	37	57	-		33	32	-
Trade payables	4,818	6,659	7,575		-	-	-
Other payables	5,835	2,905	2,070		742	778	461
Amount due to director	2,240	2,240	2,240		-	-	-
Current tax payable	1,326	1,387	1,351		16	161	34
Total current liabilities	21,401	22,178	16,222	8.2.3	791	971	495
Non-current liabilities							
Bank borrowings	-	21	-		-	-	-
Finance leases	111	152	-		111	148	-
Retirement benefits obligations	476	437	-		-	-	-
Deferred tax liabilities	344	230	130		6	9	-
Total non-current liabilities	931	840	130	8.2.4	117	157	-
Equity							
Share capital	21,425	21,425	13,233		21,425	21,425	13,233
Reserves	(4,495)	(3,413)	(3,156)		-	-	-
Retained earnings	19,522	14,758	7,760		1,853	1,817	1,278
Equity attributable to owners of the Company	36,452	32,770	17,837		23,278	23,242	14,511
Non-controlling interests	911	887	-		-	-	-
Total equity	37,363	33,657	17,837	8.2.5	23,278	23,242	14,511
TOTAL EQUITY AND LIABILITIES	59,695	56,675	34,189		24,186	24,370	15,006

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 31.12.2018	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)	7,182	8,987
Amount repayable after one year (secured and guaranteed)	111	173
Total	7,293	9,160

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

Details of any collaterals:

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

Borrowings of US\$7.3 million as at 31 December 2018 (31 December 2017: US\$9.2 million) obtained by subsidiaries is secured by one or several of (i) fixed deposits of US\$1.5 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		Group	
	Unaudited 4Q2018 US\$'000	Unaudited 4Q2017 US\$'000	Unaudited FY2018 US\$'000	Audited FY2017 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	3,238	2,854	9,418	10,604
Adjustments for:				
Share of profit of joint ventures	(19)	(4)	(42)	(7)
Depreciation of property, plant and equipment	235	146	774	404
Gain on disposal of property, plant and equipment	(11)	(1)	(13)	(4)
Depreciation of investment properties	1	19	62	40
Amortisation of intangible assets	26	26	105	52
Gain on bargain purchase	-	-	-	(1,358)
Interest expense	58	67	264	277
Interest income	(2)	(16)	(52)	(79)
Allowance for doubtful debts	50	-	50	-
Operating cash flows before movements in working capital	3,576	3,091	10,566	9,929
Trade receivables	145	(3,408)	482	2,388
Other receivables	(337)	595	(480)	368
Trade payables	(1,325)	1,481	(1,842)	(10,744)
Other payables	(628)	(819)	163	432
Inventories	656	3,540	(2,009)	4,108
Cash generated from operations	2,087	4,480	6,880	6,481
Income tax paid	(252)	(284)	(2,357)	(1,738)
Interest received	2	16	52	79
Interest paid	(58)	(67)	(264)	(277)
Net cash generated from operating activities	1,779	4,145	4,311	4,545
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets	-	-	-	(14)
Proceeds from disposal of property, plant and equipment	116	72	116	72
Purchase of property, plant and equipment	(37)	(545)	(705)	(853)
Purchase of investment properties	(107)	(5)	(107)	(5)
Acquisition of subsidiary	-	-	-	(3,288)
Acquisition on investment in joint ventures	(225)	(94)	(348)	(94)
Advances to joint venture	-	(2,000)	(1,000)	(2,000)
Net cash used in investing activities	(253)	(2,572)	(2,044)	(6,182)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank borrowings	6,140	6,917	30,809	31,457
Repayment of bank borrowings	(7,045)	(6,802)	(32,614)	(31,231)
Repayments of obligation under finance leases	(14)	(10)	(60)	(10)
(Increase)/decrease in pledged fixed deposits	-	-	(20)	611
Dividend paid	-	-	(2,835)	(2,174)
Net cash (used in)/generated from financing activities	(919)	105	(4,720)	(1,347)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Group		Group	
	Unaudited 4Q2018 US\$'000	Unaudited 4Q2017 US\$'000	Unaudited FY2018 US\$'000	Audited FY2017 US\$'000
Net increase/(decrease) in cash and cash equivalents	607	1,678	(2,453)	(2,984)
Effect of exchange rate changes on cash and cash equivalents	230	310	(586)	(125)
Cash and cash equivalents at beginning of period/year	5,243	7,131	9,119	12,228
Cash and cash equivalents at end of period/year	6,080	9,119	6,080	9,119
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	6,011	9,045	6,011	9,045
Fixed deposits	1,525	1,510	1,525	1,510
	7,536	10,555	7,536	10,555
Less: Restricted cash (pledged fixed deposits)	(1,456)	(1,436)	(1,456)	(1,436)
Cash and cash equivalents per consolidated statements of cash flows	6,080	9,119	6,080	9,119

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2017	13,233	(3,156)	-	-	7,760	17,837	-	17,837
Profit for the period	-	-	-	-	6,630	6,630	39	6,669
Other comprehensive loss	-	-	(59)	(428)	-	(487)	(54)	(541)
Profit for the period, representing total comprehensive income for the period	-	-	(59)	(428)	6,630	6,143	(15)	6,128
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(2,174)	(2,174)	-	(2,174)
Arising from acquisition of subsidiary	-	-	-	-	-	-	819	819
Issue of share pursuant to acquisition of subsidiary	8,192	-	-	-	-	8,192	-	8,192
Balance at 30 September 2017	21,425	(3,156)	(59)	(428)	12,216	29,998	804	30,802
Profit for the period	-	-	-	-	2,542	2,542	40	2,582
Other comprehensive profit	-	-	66	164	-	230	43	273
Total comprehensive income for the period	-	-	66	164	2,542	2,772	83	2,855
Balance at 31 December 2017	21,425	(3,156)	7	(264)	14,758	32,770	887	33,657

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
Balance at 1 January 2018	21,425	(3,156)	7	(264)	14,758	32,770	887	33,657
Profit for the period	-	-	-	-	4,984	4,984	40	5,024
Other comprehensive loss	-	-	-	(1,542)	-	(1,542)	(82)	(1,624)
Total comprehensive (loss)/income for the period	-	-	-	(1,542)	4,984	3,442	(42)	3,400
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(2,835)	(2,835)	-	(2,835)
Balance at 30 September 2018	21,425	(3,156)	7	(1,806)	16,907	33,377	845	34,222
Profit for the period	-	-	-	-	2,615	2,615	41	2,656
Other comprehensive (loss)/income	-	-	(14)	474	-	460	25	485
Total comprehensive (loss)/income for the period	-	-	(14)	474	2,615	3,075	66	3,141
Balance at 31 December 2018	21,425	(3,156)	(7)	(1,332)	19,522	36,452	911	37,363

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	-	-	-	-	1,119	1,119	-	1,119
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends paid to owners of the Company	-	-	-	-	(2,174)	(2,174)	-	(2,174)
Issue of share pursuant to acquisition of subsidiary	8,192	-	-	-	-	8,192	-	8,192
Balance at 30 September 2017	21,425	-	-	-	223	21,648	-	21,648
Profit for the period, representing total comprehensive income for the period	-	-	-	-	1,594	1,594	-	1,594
Balance at 31 December 2017	21,425	-	-	-	1,817	23,242	-	23,242

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Share capital	Merger reserve	Pension reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company								
Balance at 1 January 2018	21,425	-	-	-	1,817	23,242	-	23,242
Profit for the period, representing total comprehensive income for the period	-	-	-	-	1,322	1,322	-	1,322
<i>-Transaction with owners, recognised directly in equity:</i>								
Dividends	-	-	-	-	(2,835)	(2,835)	-	(2,835)
Balance at 30 September 2018	21,425	-	-	-	304	21,729	-	21,729
Profit for the period, representing total comprehensive income for the period	-	-	-	-	1,549	1,549	-	1,549
Balance at 31 December 2018	21,425	-	-	-	1,853	23,278	-	23,278

- 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 twelve months financial year ended 31 December 2018, 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 year reported on and as at the end of the corresponding year 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 December 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 shares (excluding treasury shares) as at 31 December 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 year ended and as at 31 December 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 year ended and as at 31 December 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.

For all periods up to and including the year ended 31 December 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 December 2018 are the first set that the group and the company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Due to the change in accounting policy in current year, the group and the company has presented 3 years balance sheet position. In addition to SFRS(I), SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* are effective for the Group from 1 January 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ended 31 December 2018 are expected to be the same as those disclosed in Note 3 of the audited financial statements for the year ended 31 December 2017, except for the changes in accounting policies due to the application of SFRS(I) 9 and SFRS(I) 15. Please refer to Note 3 of the audited financial statements for the year ended 31 December 2017 for further details on the effects arising from the application of SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for financial year ended 31 December 2018.

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 December 2018 and 31 December 2017.

	Group			
	4Q2018	4Q2017	FY2018	FY2017
Earnings per ordinary share for the financial period/year:-				
(i) Based on weighted average number of ordinary shares in issue (US\$ cents)	0.8 cents	0.8 cents	2.4 cents	3.1 cents
(ii) On fully diluted basis (US\$ cents)	0.8 cents	0.8 cents	2.4 cents	3.1 cents
Weighted average number of shares (in '000)	316,211	316,211	316,211	297,911

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 31.12.2018	As at 31.12.2017	As at 31.12.2018	As at 31.12.2017
Net asset value (US\$'000)	36,452	32,770	23,278	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)	11.5 cents	10.4 cents	7.4 cents	7.4 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group's Performance

8.1.1 Revenue

<u>Revenue</u>	4Q2018 US\$'000	4Q2017 US\$'000	Q-Q	FY2018 US\$'000	FY2017 US\$'000	Y-Y
			Change Increase/ (Decrease) %			Change Increase/ (Decrease) %
Manufacturing	24,758	30,132	(17.8)	105,032	79,477	32.2
Trading	1,270	1,097	15.8	3,440	20,348	(83.1)
Group	26,028	31,229	(16.7)	108,472	99,825	8.7

In FY2018, the Group recorded a 12-months (FY2017: 6-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.

Review of Group's Performance (continued)

For FY2018, revenue increased by US\$8.6 million or 8.7%, from US\$99.8 million in FY2017 to US\$108.4 million in FY2018. This was due to an increase in revenue from the manufacturing business segment of US\$25.5 million or 32.2%. The increase was partially offset by a decrease in revenue from the trading business segment of US\$16.9 million or 83.1%.

Manufacturing

For FY2018, revenue from our manufacturing business segment increased mainly due to an increase in sales volume with marginal decrease in our average selling price. The higher sales volume was mainly contributed by our Singapore plant, as well as the Group recorded a 12-months contribution from PLI.

Trading

The decrease 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.

Geographical analysis

Geographically, the increase in revenue was mainly attributable to an increase in revenue contribution from Singapore, Malaysia and Indonesia of US\$3.1 million, US\$1.7 million, and US\$1.7 million respectively in FY2018.

Revenue from Singapore increased by US\$3.1 million or 20.6% in FY2018, mainly due to increase in its manufacturing business segment mainly from third-party principals' brands.

8.1.2 *Cost of Sales and Gross Profit*

	4Q2018	4Q2017	Q-Q Change Increase/ (Decrease) %	FY2018	FY2017	Y-Y Change Increase/ (Decrease) %
<u>Gross profit</u>	US\$'000	US\$'000		US\$'000	US\$'000	
Manufacturing	5,267	5,745	(8.3)	20,147	17,097	17.8
Trading	94	141	(33.3)	333	1,410	(76.4)
Group	5,361	5,886	(8.9)	20,480	18,507	10.7
<u>Gross profit margin</u>	4Q2018 US\$'000	4Q2017 US\$'000		FY2018 US\$'000	FY2017 US\$'000	
Manufacturing	21.3	19.1		19.2	21.5	
Trading	7.4	12.9		9.7	6.9	
Group	20.6	18.8		18.9	18.5	

For FY2018, cost of sales increased by US\$6.7 million or 8.2%, from US\$81.3 million in FY2017 to US\$88.0 million in FY2018. 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\$2.0 million or 10.7%, from US\$18.5 million in FY2017 to US\$20.5 million in FY2018.

Our overall gross profit margin increased by 0.4 percentage points, from 18.5% in FY2017 to 18.9% in FY2018 mainly due to higher contribution from our manufacturing business segment. The Group recorded a 2.3 percentage points decrease in gross profit margin in our manufacturing business segment, from 21.5% in FY2017 to 19.2% in FY2018, mainly due to different product mix, and more competitive pricing in FY2018.

8.1.3 Other Income

Higher other income in FY2017 was mainly due to recognition of a non-recurring gain on bargain purchase of approximately US\$1.4 million, arising from the acquisition of PLI in FY2017. There was no such income incurred in FY2018.

8.1.4 Distribution Cost

Our distribution cost increased by US\$0.4 million or 17.5%, from US\$2.5 million in FY2017 to US\$2.9 million in FY2018, mainly due to the inclusion of PLI's 12-months distribution cost.

8.1.5 Administrative Expenses

Our administrative expenses increased by US\$1.3 million or 19.3%, from US\$6.8 million in FY2017 to US\$8.1 million in FY2018, mainly due to inclusion of PLI's 12-months administrative expenses, and foreign exchange loss in FY2018 amounting to US\$0.8 million which mainly arose from translation differences on the United States Dollars denominated liabilities, on mainly trade and other payables, to the functional currency of each group entity.

8.1.6 Other Expenses

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

8.1.7 Finance Costs

Our finance costs decreased by approximately US\$13,000 or 4.7%, from US\$277,000 in FY2017 to US\$264,000 in FY2018. This was mainly due to the Group's repayment of its higher interest-bearing borrowings in Indonesia subsequent to the acquisition of PLI and refinancing its borrowings in Singapore which resulted in lower borrowing costs.

8.1.8 Profit before Tax ("PBT")

Our PBT decreased by US\$1.2 million or 11.2%, from US\$10.6 million in FY2017 to US\$9.4 million in FY2018. This was mainly due to decrease in other income and higher administrative expenses incurred partially offset by higher gross profit.

8.1.9 Income Tax Expenses

Income tax expenses increased by US\$0.4 million or 28.5%, from US\$1.4 million in FY2017 to US\$1.7 million in FY2018. This was mainly due to higher effective tax rate in FY2018 of 18.4% (FY2017: 12.8%). The effective tax rate in FY2017 was lower despite higher profit before tax because the gain on bargain purchase of US\$1.4 million in FY2017 was not taxable.

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 December 2018, current assets amounted to US\$45.2 million or 75.7% of our total assets. Trade receivables was the largest component of our current assets, accounting for US\$18.5 million or 41.0% of our current assets. Inventories accounted for US\$15.1 million or 33.4% of our current assets and comprised raw materials, finished products and work-in-progress. Cash and bank balances accounted for US\$7.5 million or 16.7% of our current assets. The remaining balance of current assets comprised other receivables of US\$4.0 million, comprising mainly shareholder's loan to joint venture of US\$2.0 million.

Current assets increased by US\$1.7 million from US\$43.5 million as at 31 December 2017 to US\$45.2 million as at 31 December 2018. The increase was mainly due to an increase in (i) inventories of US\$2.0 million due to higher storage of raw materials; and (ii) other receivable of US\$3.2 million mainly due to reclassification of non-current receivable to current receivables of shareholder's loan to joint venture of US\$2.0 million. The increase was mainly was partially offset by a decrease in (i) cash and bank balances of US\$3.0 million; and (ii) trade receivables of US\$0.5 million.

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 December 2018, non-current assets amounted to US\$14.5 million or 24.3% of our total assets.

The other receivable refers to shareholder's loan to joint venture of US\$1.0 million. Property, plant and equipment amounted to US\$10.3 million or 71.1% of our non-current assets, comprising mainly leasehold properties, machinery and equipment, motor vehicles and renovation. The increase in property, plant and equipment was mainly due to addition of machinery and equipment for the oil-absorbing nano fibre business. Investment properties comprise of leasehold buildings and land. Intangible assets comprise of customer relationships and club membership. Increase in investment in joint ventures was mainly due to additional investment in the joint venture entities in Taiwan, Australia and Singapore. The remaining balance of non-current assets of US\$0.1 million comprised 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 December 2018, current liabilities amounted to US\$21.4 million or 95.8% of our total liabilities.

Current liabilities decreased by US\$0.8 million from US\$22.2 million as at 31 December 2017 to US\$21.4 million as at 31 December 2018. The decrease was mainly due a decrease in (i) bank borrowings of US\$1.8 million due to repayment during the year; and (ii) trade payables of US\$1.8 million. The decrease was partially offset by higher other payables owing to our joint venture entity for purchase of machines and equipment supplies.

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 December 2018, equity amounted to US\$37.4 million which comprises of share capital, other reserves, retained earnings and non-controlling interests. The increase of US\$0.4 million in equity was due to recognition of profit for the year, partially offset by the dividend payment of US\$2.8 million.

Review of Statements of Cash Flows

In FY2018, net cash from operating activities before changes in working capital amounted to US\$10.6 million while net cash used in working capital amounted to US\$3.7 million. This was mainly due to (i) increase from inventories of US\$2.0 million; (ii) decrease from trade payables of US\$1.8 million; and (iii) partially offset by the decrease from trade receivables of US\$0.5 million. The Group paid income tax of US\$2.4 million in FY2018. The net cash generated from operating activities amounted to US\$4.3 million in FY2018.

Net cash used in investing activities in FY2018 was mainly due to additional advances to joint venture of US\$1.0 million and purchases of plant and equipment of US\$0.7 million.

Net cash used in financing activities of US\$4.7 million in FY2018 was mainly due to the repayment of bank borrowings of US\$32.6 million and dividend paid of US\$2.8 million, partially offset by the proceeds from bank borrowings of US\$30.8 million.

The cash and cash equivalents amounted to US\$6.1 million as at 31 December 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 market environments are expected to remain challenging. Under this environment, the Group will continue to be diligent and disciplined in controlling the costs as well as manage our raw materials costs.

In 4Q2018, the Group announced the signing of non-binding memorandum of understanding with Spain's Repsol Lubricantes Y Especialidades, S.A ("**Repsol**"). Repsol is presently working on the feasibility study on the Group's lubricants businesses to explore the acquisition of an equity stake in United Oil Company Pte Ltd, a wholly-owned subsidiary of the Company (the "**Project**"). The Company will make appropriate announcements in the event when there are any material developments in respect of the Project.

Our new petrol and related products trading joint venture business has commenced its operation in 1st quarter of 2019. The Group will continue to explore opportunities to further expand and diversify our business through acquisitions and/or joint ventures with parties who can provide synergistic value to our existing business.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

FY2018	
Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend per share	0.5 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)
Total number of issued shares as at the date of this announcement (excluding treasury shares)	316,211,360
Total amount payable	S\$1.6 million (or approximate US\$1.2 million)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

FY2017	
Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend per share	0.7 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)
Total number of issued shares as at the date of this announcement (excluding treasury shares)	316,211,360
Total amount payable	S\$2.21 million (or approximate US\$1.67 million)

(c) Date payable

The final dividend of 0.5 Singapore cents per share in respect of the financial year ended 31 December 2018, if approved by the shareholders of the Company at the forthcoming Annual General Meeting of the Company to be held, will be paid on 21 May 2019.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 8 May 2019 for the purpose of determining member's entitlements to the proposed final dividend. Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 7 May 2019 will be registered to determine member's entitlement to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 7 May 2019 will be entitled to the proposed final dividend. In respect of shares in securities accounts with CDP, the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to such holders in accordance with its normal practice.

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

Not applicable.

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

The Group has not obtained any general mandate from shareholders for interested person transactions at the annual general meeting held on 30 April 2018.

During the FY2018, interested person transactions exceeding S\$100,000 in aggregate under review are disclosed as follows:

	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' Mandate) (US\$'000)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate (excluding transactions less than S\$100,000) (US\$'000)
<u>Transactions with Edy Wiranto (Non-executive Chairman) and his associates, and companies owned by Edy Wiranto and his associates</u>		
Sales of goods, services and rental income	65	-
Purchases of goods, service and rental cost	345	-

14. Confirmation by the board pursuant to Rule 705(5) of the Catalist Rules

Not applicable to announcement of full-year results.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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

	Manufacturing		Trading		Total	
	FY2018 US\$'000	FY2017 US\$'000	FY2018 US\$'000	FY2017 US\$'000	FY2018 US\$'000	FY2017 US\$'000
Total revenue	105,032	79,477	3,440	20,348	108,472	99,825
Segment results	20,147	17,097	333	1,410	20,480	18,507
Allowance for doubtful debts - trade					(50)	-
Amortisation of intangible assets					(105)	(52)
Depreciation of plant and equipment (excluding machinery)					(166)	(113)
Gain on disposal of plant and equipment					13	4
Gain on bargain purchase					-	1,358
Interest income					52	79
Finance costs					(264)	(277)
Other unallocated expenses					(10,542)	(8,902)
Profit before tax					9,418	10,604
Income tax expense					(1,738)	(1,353)
Profit for the year					7,680	9,251

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

	<u>FY2018</u> US\$'000	<u>FY2017</u> US\$'
Based on location of customers		
Indonesia	42,834	41,171
Singapore	18,018	14,939
Other Asian countries	13,004	11,964
Greater China	11,832	11,818
Oceania countries	8,175	8,074
Malaysia	9,462	7,763
Myanmar	1,935	2,058
Others	3,212	2,038
Total	<u>108,472</u>	<u>99,825</u>

Information about major customers

In FY2018, there was no single external customer (FY2017: one) that had contributed more than 10 percent to the revenue of the group.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 above.

18. Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year

	<u>Group</u>		
	<u>FY2018</u> US\$'000	<u>FY2017</u> US\$'000	<u>Increase/ (decrease)</u> %
(a) Sales reported for first half year	55,501	45,815	21.1
(b) Operating profit after income tax for first half year	3,164	3,639	(13.1)
(c) Sales reported for second half year	52,971	54,010	(1.9)
(d) Operating profit after income tax reported for second half year	4,516	5,612	(19.5)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total distribution paid and proposed in respect of the financial year ended 31 December 2018 is 1.0 Singapore cents per share in cash (FY2017: 1.2 Singapore cents).

	FY2018	FY2017	Increase
	US\$'000	US\$'000	%
<i>(a) Ordinary</i>			
- Interim cash dividend (paid)	1,159	1,161	(0.2%)
- Final cash dividend (proposed)	1,158	1,676	(30.9%)
<i>(b) Preference</i>	-	-	-
Total	2,317	2,837	(18.3%)

Proposed final cash dividend of FY2018 estimated based on share capital of 316,211,360 ordinary shares (excluding treasury shares) at the end of the financial year, based on the estimated exchange rate of US\$1: S\$1.365.

20. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10)

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Shawn Tan	43	Brother of Jacky Tan Thuan Hor, Executive Director/ CEO of the Company	General Manager (Business Development) since April 2018. He is responsible for assisting our executive directors in overseeing all operational aspects of the business, including business development.	Mr Shawn Tan was appointed as Deputy General Manager since 2015, as has been promoted to General Manager (Business Development) with effect from April 2018. No changes in his duties during the year.
Herry Defjan	49	Brother-in-law of Ety Wiranto, Executive Director, and Edy Wiranto, Non-executive Chairman of the Company	Director of PLI since 2003. He is responsible in overseeing all operational aspects of the business of PLI.	No changes during the year.
Willy Budidharma	55	Brother-in-law of Edy Wiranto, Non-executive Chairman of the Company	Business Development Manager of PLI since 2015. Responsible in managing distributors of PLI in East Indonesia region.	No changes during the year.
Wiranto	79	Father of Ety Wiranto, Executive Director, and Edy Wiranto, Non-executive Chairman of the Company. Father-in-law of Jacky Tan Thuan Hor, Executive Director/ CEO of the Company	Director (Non-executive) of United Oil Company Pte Ltd since 1999. Mr Wiranto is a substantial shareholder of the Company.	No changes during the year.

BY ORDER OF THE BOARD OF DIRECTORS

Tan Thuan Hor, Jacky
Executive Director / Chief Executive Officer

26 February 2019