UG HEALTHCARE CORPORATION LIMITED

Company Registration No. 201424579Z

UNAUDITED FOURTH QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

---

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the **"Sponsor"**).*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Tay Sim Yee (Telephone no.: (65) 6232 3210) at 1, Robinson Road, #21-00 AIA Tower, Singapore 048542.

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME- FOURTH QUARTER ("4QFY2019") AND FULL YEAR ENDED 30 JUNE 2019 ("FY2019")

	4QFY2019 3 months ended			FY2019 Full year ended		
	30-June-19 S$'000	30-June-18 S$'000	Increase/ (Decrease) %	30-June-19 S$'000	30-June-18 S$'000	Increase/ (Decrease) %
Revenue	26,628	22,151	20.2	91,712	78,060	17.5
Cost of sales	(21,333)	(18,926)	12.7	(72,996)	(65,296)	11.8
Gross profit	5,295	3,225	64.2	18,716	12,764	46.6
Other income	23	2,548	(99.1)	1,796	4,219	(57.4)
	5,318	5,773	(7.9)	20,512	16,983	20.8
Marketing and distribution expenses	(914)	(440)	>100.0	(2,815)	(1,800)	56.4
Administrative expenses	(3,779)	(2,535)	49.1	(12,270)	(8,853)	38.6
Other expenses	58	(1,093)	N.M.	(1,757)	(1,168)	50.4
Finance costs	(386)	(244)	58.2	(1,618)	(758)	>100.0
Share of profits from associates	156	68	>100.0	711	643	10.6
Profit before tax	453	1,529	(70.4)	2,763	5,047	(45.3)
Income tax expense	76	(350)	N.M.	(546)	(734)	(25.6)
Profit for the period	529	1,179	(55.1)	2,217	4,313	(48.6)
Other comprehensive income/(loss)						
Exchange difference on translating foreign operations	(1,312)	(1,020)	(28.6)	(2,227)	392	N.M.
Total comprehensive income for the period	(783)	159	N.M.	(10)	4,705	N.M.
Profit/(loss) attributable to:						
Owners of the Company	539	1,329	(59.4)	2,507	4,335	(42.2)
Non-controlling interests	(10)	(150)	(93.3)	(290)	(22)	>100.0
	529	1,179	(55.1)	2,217	4,313	(48.6)
Total comprehensive income attributable to:						
Owners of the Company	(754)	276	N.M.	414	4,713	(91.2)
Non-controlling interests	(29)	(117)	(75.2)	(424)	(8)	>100.0
	(783)	159	N.M.	(10)	4,705	N.M.
Earnings per share (cents)						
Basic	0.28	0.69		1.30	2.26	
Diluted	0.28	0.69		1.30	2.26	

N.M. – not meaningful

1(a)(ii) NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4QFY2019 3 months ended			FY2019 Full year ended		
	30-June-19 S$'000	30-June-18 S$'000	Increase/ (Decrease) %	30-June-19 S$'000	30-June-18 S$'000	Increase/ (Decrease) %
Interest income	(35)	(11)	>100.0	(83)	(36)	>100.0
Fair value loss/(gain) on financial derivative	273	1,067	(74.4)	(739)	1,067	N.M.
Net foreign exchange (gain)/loss – unrealised	(150)	(2,399)	(93.8)	1,541	(3,012)	N.M.
Net foreign exchange gain – realised	(236)	(116)	>100.0	(868)	(1,115)	(22.2)
Sundry income	(26)	(14)	85.7	(106)	(48)	>100.0
Interest expense on borrowings	385	244	57.8	1,618	758	>100.0
Allowance for doubtful debts	20	-	N.M.	21	-	N.M.
Depreciation	592	331	78.9	1,613	1,432	12.6
Property, plant and equipment written off	(69)	26	N.M.	502	393	27.7
Amortisation of intangible assets	5	9	(44.4)	15	9	66.7
Loss/(gain) on disposal of property, plant and equipment	-	(8)	N.M.	12	(8)	N.M.
Over provision of tax in prior years	(331)	-	N.M.	(331)	-	N.M.

N.M. – not meaningful

1(b)(i) STATEMENT OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

	Group		Company	
	30-June-19 S$'000	30-June-18 S$'000	30-June-19 S$'000	30-June-18 S$'000
ASSETS				
Non-current assets				
Subsidiaries	-	-	32,621	32,621
Associates	4,597	5,869	-	-
Property, plant and equipment	31,336	23,364	-	-
Intangible assets	297	251	-	-
Deferred tax assets	402	516	-	-
Total non-current assets	36,632	30,000	32,621	32,621
Current assets				
Inventories	31,031	22,130	-	-
Amount due from subsidiaries	-	-	17,743	18,063
Trade and other receivables	25,643	26,323	19	16
Derivative financial assets	205	-	-	-
Cash and bank balances	4,871	6,731	155	528
Total current assets	61,750	55,184	17,917	18,607
Total assets	98,382	85,184	50,538	51,228
EQUITY AND LIABILITIES				
Equity				
Share capital	37,473	37,126	37,473	37,126
Reserve	(37,387)	(35,354)	170	110
Retained earnings	42,242	40,185	12,747	13,859
Equity attributable to the owners of the Company	42,328	41,957	50,390	51,095
Non-controlling interests	822	(83)	-	-
Total equity	43,150	41,874	50,390	51,095
Non-current liabilities				
Deferred tax liabilities	2,406	2,092	-	-
Bank borrowings	6,444	5,478	-	-
Total non-current liabilities	8,850	7,570	-	-
Current liabilities				
Trade and other payables	14,185	13,625	148	133
Derivative financial liabilities	-	753		-
Bank borrowings	32,197	21,362	-	
Total current liabilities	46,382	35,740	148	133
Total liabilities	55,232	43,310	148	133
Total equity and liabilities	98,382	85,184	50,538	51,228

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

	30-June-19		30-June-18	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	32,197	-	21,362	-
Amount repayable after one year	6,444	-	5,478	-
Total borrowings	38,641	-	26,840	-

Details of collaterals

As at 30 June 2019 and 30 June 2018, the Group's borrowings were secured by:

(i) motor vehicles;
(ii) debentures over certain production lines;
(iii) charge on certain leasehold land and building of a subsidiary;
(iv) fixed deposits pledged as collateral; and
(v) corporate guarantees

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	4QFY2019 3 Months Ended		FY2019 Full year ended	
	30-June-19 S$'000	30-June-18 S$'000	30-June-19 S$'000	30-June-18 S$'000
Operating activities				
Profit before income tax	453	1,529	2,763	5,047
Adjustments for:				
Amortisation of intangible assets	5	9	15	9
Property, plant and equipment written off	(69)	26	502	393
Loss/(gain) on disposal of property, plant and equipment	-	(8)	12	(8)
Depreciation expense	592	331	1,613	1,432
Allowance for doubtful debts	20	-	21	-
Interest expense	385	244	1,618	758
Interest income	(35)	(11)	(83)	(36)
Share of profits from associates	(156)	(68)	(711)	(643)
Fair value loss/(gain) on financial derivatives	273	1,067	(739)	1,067
Unrealised exchange differences	(880)	(850)	(1,333)	864
Operating cash flows before movements in working capital	588	2,269	3,678	8,883
Movements in working capital				
Inventories	(954)	(3,192)	(8,901)	(6,432)
Trade and other receivables	(52)	(2,829)	1,065	(4,732)
Trade and other payables	954	1,578	578	3,583
Cash (used in)/from operations	536	(2,174)	(3,580)	1,302
Interest paid	(458)	(244)	(1,691)	(758)
Income taxes paid	(200)	(69)	(523)	(947)
Net cash (used in)/from operating activities	(122)	(2,487)	(5,794)	(403)
Investing activities				
Acquisition of property, plant and equipment	(4,380)	(2,045)	(9,407)	(4,679)
Additional of intangible assets	-	-	(65)	-
Dividend received	1,293	-	1,625	285
Withdrawal/(Placement) of fixed deposits	171	211	148	(327)
Interest received	35	11	83	36
Net cash used in investing activities	(2,881)	(1,823)	(7,616)	(4,685)
Financing activities				
Drawdown of borrowings	20,072	14,777	81,199	46,573
Repayment of borrowings	(17,719)	(9,646)	(69,398)	(38,619)
Dividend paid	-	-	(103)	-
Net cash from financing activities	2,353	5,131	11,698	7,954
Net increase/(decrease) in cash and cash equivalents	(650)	821	(1,712)	2,866
Cash and cash equivalents at beginning of financial period	5,693	6,121	6,731	3,538
Effects on currency translation on cash and cash equivalents	(172)	(211)	(148)	327
Cash and cash equivalents at end of financial period	4,871	6,731	4,871	6,731

1(d)(i) STATEMENT OF CHANGES IN EQUITY

	Share capital S$'000	Currency translation reserves S$'000	Merger reserve S$'000	Share-based payment reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance as at 1 July 2018	37,126	(9,524)	(25,940)	110	40,185	41,957	(83)	41,874
Profit for the year	-	-	-	-	2,507	2,507	(290)	2,217
Other comprehensive (loss)/income								
Exchange differences on translating foreign operations	-	(2,093)	-	-	-	(2,093)	(134)	(2,227)
Total comprehensive (loss)/income for the year	-	(2,093)	-	-	2,507	414	(424)	(10)
Share option	-	-	-	60	-	60	-	60
Issuance of shares, pursuant to script dividend	347	-	-	-	-	347	-	347
Increase in capital contribution	-	-	-	-	-	-	1,329	1,329
Dividend	-	-	-	-	(450)	(450)	-	(450)
Balance as at 30 June 2019	37,473	(11,617)	(25,940)	170	42,242	42,328	822	43,150
Balance as at 1 July 2017	37,126	(9,902)	(25,940)	-	35,850	37,134	(75)	37,059
Profit for the year	-	-	-	-	4,335	4,335	(22)	4,313
Other comprehensive loss								
Exchange differences on translating foreign operations	-	378	-	-	-	378	14	392
Total comprehensive (loss)/income for the year	-	378	-	-	4,335	4,713	(8)	4,705
Share option	-	-	-	110	-	110	-	110
Balance as at 30 June 2018	37,126	(9,524)	(25,940)	110	40,185	41,957	(83)	41,874

1(d)(i) STATEMENT OF CHANGES IN EQUITY (continued)

	Company			
	Share capital	Share-based payment reserve	Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 July 2018	37,126	110	13,859	51,095
Loss for the year, representing total comprehensive loss for the year	-	-	(662)	(662)
Share option	-	60	-	60
Issuance of shares, net of expenses directly attributable to issuance of new shares	347	-	-	347
Dividend	-	-	(450)	(450)
Balance as at 30 June 2019	37,473	170	12,747	50,390
Balance as at 1 July 2017	37,126	-	16,877	54,003
Loss for the year, representing total comprehensive loss for the year	-	-	(3,018)	(3,018)
Share option	-	110	-	110
Balance as at 30 June 2018	37,126	110	13,859	51,095

1(d)(ii) SHARE CAPITAL

	Company	
	Number of ordinary shares	Issued and paid up share capital
		S$
Issued and paid up share capital as at 30 June 2018	191,460,054	37,125,570
Issuance of shares pursuant to the UG Healthcare Scrip Dividend Scheme	1,837,477	347,282
Issued and paid up share capital as at 30 June 2019	193,297,531	37,472,852

There were no changes in the Company's share capital from 1 April 2019 to 30 June 2019. Other than the 1,570,000 share options granted to eligible employee on 28 August 2015 under the Unigloves Employee Share Option Scheme, the Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018 respectively.

1(d)(iii) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

	Company	
	30-June-19	30-June-18
Total number of issued shares excluding treasury shares	193,297,531	191,460,054

As at 30 June 2019 and 30 June 2018, the Company did not have treasury shares.

1(d)(iv) TREASURY SHARES

There were no sales, transfers, cancellation and / or use of treasury shares during and as at the end of the current financial period reported on. As at 30 June 2019, the Company did not hold any of its issued shares as treasury shares.

1(d)(v) SUBSIDIARY HOLDINGS

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on. As at 30 June 2019, the Company did not have any subsidiary holdings.

2 REVIEW OR AUDIT OF FIGURES PRESENTED

The figures presented have not been reviewed or audited by the Company's auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to its audited financial statements for the financial year ended 30 June 2018.

5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as compared to the audited financial statements as at 30 June 2018, except for the adoption of the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and interpretation of SFRS(I) ("**INT SFRS(I)**"). The adoption of these SRFS(I) and INT SFRS(I) does not result in changes to the Group's accounting policies and does not have material effect on the amounts reported for the current or prior financial years.

6. EARNINGS PER SHARE

	4QFY2019		FY2019	
	3 months ended		Full year ended	
	30-June-19	30-June-18	30-June-19	30-June-18
Profit attributable to owners of the Company (S$'000)	539	1,329	2,507	4,335
Number of shares				
Weighted average number of ordinary shares for the purpose of				
Basic share	193,297,531	191,460,054	193,297,531	191,460,054
Effect of dilution from share options	53,447	330,383	53,447	330,383
Diluted share	193,350,978	191,790,437	193,350,978	191,790,437
Earnings per share (cents)				
Basic	0.28	0.69	1.30	2.26
Diluted	0.28	0.69	1.30	2.26

7. NET ASSETS VALUE ("NAV") PER SHARE

	Group		Company	
	30-June-19	30-June-18	30-June-19	30-June-18
NAV per share (cents)	22.32	21.87	26.07	26.69
Total NAV (including non-controlling interests) (S$'000)	43,150	41,874	50,390	51,095
Number of ordinary shares used in computation of NAV per share	193,297,531	191,460,054	193,297,531	191,460,054

8. REVIEW OF GROUP PERFORMANCE

(A) REVIEW OF GROUP RESULTS

Revenue
Revenue increased by approximately S$13.6 million or 17.5% from S$78.1 million in the financial year ended 30 June 2018 ("**FY2018**") to S$91.7 million in the financial year ended 30 June 2019 ("**FY2019")**. This was mainly due to the increase in the volume of gloves produced and sold resulting from the commencement of new production lines and expansion of our distribution network.

For the fourth quarter ended 30 June 2019 ("**4QFY2019")**, revenue generated increased to S$26.6 million as compared to S$22.2 million for the fourth quarter ended 30 June 2018 ("**4QFY2018**"). The increase in revenue of approximately S$4.4 million or 20.2% was mainly due to the same reasons described above.

Cost of Sales
Cost of sales increased by approximately S$7.7 million or 11.8% from S$65.3 million in FY2018 to S$73.0 million in FY2019, in tandem with the increase in revenue.

In 4QFY2019, cost of sales increased to S$21.3 million as compared to S$18.9 million in 4QFY2018, representing a 12.7% increase, in tandem with the increase in revenue.

Gross Profit and Gross Profit Margin
Gross profit increased by approximately S$5.9 million or 46.6% from S$12.8 million in FY2018 to S$18.7 million in FY2019. The Group's gross profit margin increased from 16.4% in FY2018 to 20.4% in FY2019. The increase was mainly due to increase in production efficiency and economies of scale resulting from the increase in manufacturing capacity.

Gross profit increased by approximately S$2.1 million or 64.2% from S$3.2 million in 4QFY2018 to S$5.3 million in 4QFY2019. The Group's gross profit margin increased from 14.6% in 4QFY2018 to 19.9% in 4QFY2019 due to the same reason described above.

Other income
Other income decreased by approximately S$2.4 million or 57.4% from S$4.2 million in FY2018 to S$1.8 million in FY2019 mainly due to the lower of realised and unrealised foreign exchange gain amounting to S$3.3 million as the Ringgit Malaysia remained fairly stable against the US dollar and offset by the fair value gain on financial derivative amounting to S$0.7 million.

Other income decreased by approximately S$2.5 million or 99.1% from S$2.5 million in 4QFY2018 to S$23 thousand in 4QFY2019 mainly due to lower realised and unrealised foreign exchange gain as a result of the reason described above.

Marketing and Distribution Expenses
Marketing and distribution expenses increased by S$1.0 million or 56.4% from S$1.8 million in FY2018 to S$2.8 million in FY2019 as the Group continued to expand its distribution network and increased its marketing campaigns in anticipation of achieving optimal utilisation with its new production capacity.

Accordingly, marketing and distribution expenses increased by approximately S$0.5 million from S$0.4 million in 4QFY2018 to S$0.9 million in 4QFY2019.

Administrative Expenses
Administrative expenses increased by approximately S$3.4 million or 38.6% from S$8.9 million in FY2018 to S$12.3 million in FY2019 mainly due to administrative expenses incurred for expansion of the distribution networks in Brazil, UK, China and Nigeria. The increase in staff costs due to hiring of key personnel across all departments had also resulted in an increase of administrative expenses.

As aforementioned, administrative expenses increased by approximately S$1.3 million or 49.1% from S$2.5 million in 4QFY2018 to S$3.8 million in 4QFY2019 due to the reason as set out above.

Other Expenses
Other expenses increased by approximately S$0.6 million from S$1.2 million in FY2018 to S$1.8 million in FY2019, mainly due to the unrealised loss from foreign exchange amounting to S$1.5 million. The loss was a result of the depreciation of Great Britain Pound and Renminbi which the Group's trade receivables are denominated in against US dollar. This was offset by the absence of fair value loss on financial derivative of S$1.1 million that was present in FY2018.

Other expenses decreased from S$1.1 million in 4QFY2018 to -S$58,000 mainly due to the decrease in fair value loss on financial derivative of S$0.8 million.

Finance Costs
Finance costs increased by approximately S$0.8 million from S$0.8 million in FY2018 to S$1.6 million in FY2019, due to the increase in interest arising from utilisation of trade facilities as Group's sales increased. The increase in interest was mainly arising from a term loan obtained for the construction of the new production facility.

In 4QFY2019, finance cost increased to S$0.4 million as compared to S$0.2 million in 4QFY2018 due to reasons set out above.

Share of Profits from Associates
The Group's share of profits from associates amounted to S$0.7 million in FY2019, an increase of S$0.1 million from S$0.6 million in FY2018, due to higher profits reported by the German and US associates.

Accordingly, share of profits from associates recorded increased by approximately S$0.1 million from S$0.1 million in 4QFY2018 to S$0.2 million in 4QFY2019.

(B) REVIEW OF GROUP'S FINANCIAL POSITION

As at 30 June 2019

Non-current Assets
Non-current assets increased by approximately S$6.6 million from S$30.0 million as at 30 June 2018 to S$36.6 million as at 30 June 2019, mainly due to acquisition of property, plant and equipment of S$8.0 million for the new warehouse in Brazil and new production lines in Malaysia and partially offset by decrease in associates of approximately S$1.3 million as a result of dividend being paid by the German associated company.

Current Assets
Current assets increased by approximately S$6.6 million from S$55.2 million as at 30 June 2018 to S$61.8 million as at 30 June 2019, mainly due to:

(a) Increase in inventories of S$8.9 million or 40.2% from S$22.1 million as at 30 June 2018 to S$31.0 million as at 30 June 2019 as the Group stock up its products at its own overseas distribution companies; partially offset by

(b) Decrease in trade and other receivables by S$0.7 million or 2.6% from S$26.3 million as at 30 June 2018 to S$25.6 million as at 30 June 2019; and

(c) Decrease in cash and bank balances of S$1.8 million or 27.6% from S$6.7 million as at 30 June 2018 to S$4.9 million as at 30 June 2019.

Equity
Equity comprises share capital, merger reserve, capital contribution reserve, retained earnings, foreign currency translation reserves and non-controlling interests. The total equity of the Group increased by approximately S$1.3 million or 3.0% from S$41.9 million as at 30 June 2018 to S$43.2 million as at 30 June 2019.

Non-current Liabilities
Non-current liabilities increased by approximately S$1.3 million from S$7.6 million as at 30 June 2018 to S$8.9 million as at 30 June 2019 due to the increased of term loan borrowing that was used mainly for construction of the new production lines in Malaysia and increased in deferred tax liabilities.

Current Liabilities
Current liabilities increased by S$10.7 million from S$35.7 million as at 30 June 2018 to S$46.4 million as at 30 June 2019, mainly due to:

(a) Increase of S$10.8 million or 50.7% in bank borrowings from S$21.4 million as at 30 June 2018 to S$32.2 million as at 30 June 2019 mainly due to increase utilisation of trade facilities and term loan for the construction of the new production facility; and

(b) Increase in trade and other payables by S$0.6 million or 4.1% from S$13.6 million as at 30 June 2018 to S$14.2 million as at 30 June 2019; partially offset by

(c) Decrease in derivative financial liabilities by S$0.8 million from S$0.8 million as at 30 June 2018 to zero as at 30 June 2019 as the Group managed to hedge its foreign exchange risk successfully.

(C) REVIEW OF GROUP'S CASH FLOWS

In FY2019, the net cash used in operations amounted to S$5.8 million taking into account the profit before tax of S$2.8 million, adjusted for working capital outflows of S$7.3 million. The net working capital outflows was mainly due to increase in inventories of S$8.9 million, which was partially offset by decrease in trade and other receivables of S$1.1 million and increase in trade and other payables of S$0.6 million. The Group paid interest and income taxes of around S$1.7 million and S$0.5 million respectively.

Net cash used in investing activities amounted to S$7.6 million in FY2019. This was due mainly to the purchases of property, plant and equipment.

Net cash from financing activities amounted to S$11.7 million in FY2019. This was due to a drawdown of borrowings from term loan which was mainly for the acquisition of warehouse in Brazil and construction of new production lines and trade facilities amounting to S$81.2 million. This was partially offset by the repayment of trade financing of S$69.4 million and the payment of cash dividend of S$0.1 million.

9. ACTUAL RESULTS VS PROFIT FORECAST

No forecast or prospect statement has been previously disclosed to shareholders.

10. COMMENTARY OF THE INDUSTRY TREND AND GROUP'S PROSPECT

The ongoing trade dispute between the US and China, the risk of Brexit, geopolitical uncertainties, fluctuations in raw material prices and currencies, and inflationary costs, continue to pose challenges in the business environment. Nevertheless, the Group remains committed to improve overall efficiency, achieving higher revenue and improved earnings in the coming quarters.

The Group believes that its strategy to manage the integrated supply chain, upstream manufacturing and downstream distribution, through its proprietary branded products, will enable the Group to have a sustainable business that is capable of generating higher value for the Group in the long run.

Upstream Manufacturing

Phase 1 of the additional production capacity of 500 million gloves per annum has been in full commercialisation since January 2019, raising the Group's total capacity to 2.9 billion gloves per annum. This expansion also enables the Group to schedule major maintenance for some of its existing production lines.

With the additional production lines in place, the Group is focused on raising production efficiency for its wide range of proprietary "Unigloves" brand of disposable gloves to cater to the demand and support the sales of its downstream distribution network.

In view of the ongoing macro uncertainties, the Group postponed slightly its plans to construct new production lines to increase its production capacity by another 300 million gloves per annum at the new production facility ("**Phase 2**"), which potentially could bring the Group's total capacity to 3.2 billion gloves per annum. This capacity is expected to come on stream in FY2021.

Meanwhile, the Group is taking a prudent approach to upgrading some of its existing production lines to increase production capacity and volume through higher efficiency.

Downstream Distribution

During FY2019, the Group established its own distribution company in Brazil, where it is experiencing rapid growth, and established a distribution company in Chengdu, China to expand its market reach.

The Group will continue to drive marketing campaigns to promote its proprietary "Unigloves" brand of disposable gloves through its downstream distribution network. These campaigns will focus driving marketing and sales of its established distribution companies in its key markets of Europe, the US, China, Nigeria, and Brazil, where these distribution companies operate their own warehousing and logistics infrastructure.

11. DETAILS OF DIVIDEND DECLARED OR RECOMMENDED

Proposed dividend

	30-June-19	**30-June-18**
Name of dividend	Final dividend	Final dividend
Type of dividend	Cash and/or scrip	Cash and/or scrip
Dividend rate	S$0.00259 per ordinary share	S$0.00235 per ordinary share
Tax rate	Tax exempted	Tax exempted
Book closure date	To be announced later	01 November 2018
Payment date	To be announced later	17 December 2018

N.A. – not applicable

12. GENERAL MANDATE FOR INTERESTED PERSON TRANSACTION ("IPT")

The Company has not obtained any IPT mandate from the shareholders.

13. RULE 720(1) OF THE CATALIST LISTING RULES

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Listing Rules.

14. SEGMENT INFORMATION AND ANALYSIS OF REVENUE AND RESULTS

Segment information

	Group		
Revenue	30-June-19 S$'000	30-June-18 S$'000	Increase/ (decrease) %
Total revenue for reportable segments	203,151	156,840	29.5
Elimination of inter-segment revenue	(111,439)	(78,780)	41.5
	91,712	78,060	17.5
Profit or Loss			
Total profit for reportable segments	2,052	4,404	(53.4)
Share of profit of associate	711	643	10.6
Profit before income tax	2,763	5,047	(45.3)
Assets			
Total assets for reportable segments	93,785	79,315	18.3
Investments in associate	4,597	5,869	(21.7)
Total assets	98,382	85,184	15.5
Liabilities			
Total liabilities for reportable segments	55,232	43,310	27.5
Total liabilities	55,232	43,310	27.5

14. SEGMENT INFORMATION AND ANALYSIS OF REVENUE AND RESULTS (continued)

	Group		
Product segments	30-June-19	30-June-18*	Increase/ (decrease)
Revenue	S$'000	S$'000	%
Latex examination gloves	47,272	41,905	12.8
Nitrile examination gloves	38,624	30,679	25.9
Other ancillary products	5,816	5,476	6.2
Total	91,712	78,060	17.5
Gross profit			
Latex examination gloves	9,667	6,796	42.2
Nitrile examination gloves	8,277	5,255	57.5
Other ancillary products	772	713	8.3
Total	18,716	12,764	46.6
Gross profit margin	%	%	
Latex examination gloves	20.4	16.2	
Nitrile examination gloves	21.4	17.1	
Other ancillary products	13.3	13.0	
Overall	20.4	16.4	

Note
* FY2018 figures were re-presented following reclassifications of certain products for comparable analysis.

The breakdown of the Group's revenue by geographical locations is set out below:-

	Group		
	30-June-19	30-June-18	Increase/ (decrease)
	S$'000	S$'000	%
Europe	42,607	34,192	24.6
North America	15,678	15,279	2.6
South America	16,301	12,640	29.0
Africa	3,835	2,573	49.0
Asia	8,558	7,683	11.4
Others	4,733	5,693	(16.9)
Total	91,712	78,060	17.5

14. SEGMENT INFORMATION AND ANALYSIS OF REVENUE AND RESULTS (continued)

	Group		
	30-June-19	30-June-18	Increase/ (decrease)
Location of non-current assets	S$'000	S$'000	%
Europe	4,476	5,813	(23.0)
North America	568	540	5.2
South America	5,653	294	>100.0
Africa	724	552	31.2
Asia	114	251	(54.6)
Malaysia	25,097	22,550	11.3
Total	36,632	30,000	22.1

15. REVIEW OF PERFORMANCE BY OPERATING SEGMENTS

Revenue for all business segments have increased in FY2019 as compared to FY2018 due to the increase in the volume of products produced and sold following the commencement of new production lines. Revenue for latex examination gloves, nitrile gloves and other ancillary products have increased by 12.8%, 25.9% and 6.2% respectively in FY2019 as compared to FY2018 mainly due to increase in products produced and sold.

Overall, the gross profit margin of the Group has increased from 16.4% in FY2018 to 20.4% in FY2019 due to increase in gross profit margin for all the Group's products as well as those ancillary products, which were sold together with the Group's latex and nitrile products.

With the continued expansion of its downstream distribution network, sales in key regions have increased significantly including South America, Europe, Africa and China, as it continues to sell and develop its own brand in these key regions. The Group established its own distribution company in Brazil and the Group is experiencing a rapid growth rate in South America.

16. BREAKDOWN OF REVENUE AND RESULTS

		30-June-19 S$'000 Group	30-June-18 S$'000 Group	Increase/ (decrease) % Group
(a)	Sales reported for first half year	41,395	36,548	13.3
(b)	Operating profit after tax before deducting minority interests reported for first half year	1,069	1,934	(44.7)
(c)	Sales reported for second half year	50,317	41,512	21.2
(d)	Operating profit after tax before deducting minority interests reported for second half year	1,148	2,379	(51.7)

17. BREAKDOWN OF ANNUAL DIVIDEND

Annual dividend

	30-June-19	30-June-18
	S$	S$
Ordinary dividend	500,000	450,000

18. DISCLOSURE OF 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) IN THE FORMAT BELOW. IF THERE ARE NO SUCH PERSONS, THE ISSUER MUST MAKE AN APPROPRIATE NEGATIVE STATEMENT.

The company confirms that, to the best of its knowledge as of the date hereof, none of the person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

26 August 2019