

## USP Group Limited

(Incorporated in Singapore)  
(Co. Reg. No: 200409104W)

### UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FULL YEAR RESULTS ENDED 31 MARCH 2017

#### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

- 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.

	Group		
	12 months ended		
	31 March 2017	31 March 2016	Change
	S\$'000	S\$'000	%
Revenue	36,657	6,819	437.6
Cost of Sales	(21,139)	(4,106)	414.8
<b>Gross Profit</b>	<b>15,518</b>	<b>2,713</b>	<b>472.0</b>
Other income/(expenses), net	1,691	(8,331)	(120.3)
Selling and distribution expenses	(985)	(59)	NM
General and administrative expenses	(15,569)	(6,157)	152.9
Finance costs	(1,429)	(183)	680.9
<b>Loss before tax</b>	<b>(774)</b>	<b>(12,017)</b>	<b>(93.6)</b>
Investment securities written off – note 8	(2,826)	(1,500)	88.4
Provisional negative goodwill on acquisition of subsidiaries	-	14,078	NM
<b>(Loss)/profit before tax after exceptional item</b>	<b>(3,600)</b>	<b>561</b>	<b>(741.7)</b>
Income tax expense	(48)	(141)	(66.0)
<b>Net (loss)/profit after tax</b>	<b>(3,648)</b>	<b>420</b>	<b>(968.6)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company	(3,510)	603	(682.1)
Non-controlling interests	(138)	(183)	(24.6)
<b>Profit attributable to owners of the Company</b>	<b>(3,648)</b>	<b>420</b>	<b>(968.6)</b>
<b>EBITDA excluding exceptional item</b>	<b>3,169</b>	<b>(10,610)</b>	<b>(129.9)</b>

- 1(a)(ii) Notes to Group Consolidated Statement of Comprehensive Income

Profit from ordinary activities is stated after charging/(crediting):

	12 months ended	12 months ended
	31 March 2017	31 March 2016
	S\$'000	S\$'000
Depreciation	2,208	1,224
Amortization of intangible	306	-
Interest expenses	1,429	183
Impairment of plant and equipment	743	-
Professional fees	1,190	802
Rental expenses	809	557
Staff costs	8,187	2,143

**1(a)(ii) Notes to Group Consolidated Statement of Comprehensive Income (contd)**

Breakdown of other income/(expenses),net:

	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 March 2017</b>	<b>31 March 2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest income	94	17
Bad debt written off	(9)	(11)
Fair value gains/(loss) on quoted securities	768	(8,363)
(Reversal) / Impairment of receivables	12	(39)
Impairment of goodwill	-	(22)
Impairment of development property	-	(180)
Exchange gain/(loss), net	100	(72)
Government grant income	-	20
Gain on disposal of PPE	3	-
PPE written off	(2)	-
Inventories written off	(547)	-
Dividend income	15	6
Others	1,257	313
	<b>1,691</b>	<b>(8,331)</b>

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.

	Group		Company	
	S\$'000		S\$'000	
	Unaudited	Audited	Unaudited	Audited
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Non-current assets</b>				
Property, plant and equipment	38,760	41,217	215	117
Investment properties	35,727	35,762	-	-
Investment in subsidiaries	-	-	1,358	1,358
Investment securities	194	194	-	-
Intangible assets	1,684	1,996	-	-
Deferred tax assets	9	19	-	-
	<b>76,374</b>	<b>79,188</b>	<b>1,573</b>	<b>1,475</b>
<b>Current assets</b>				
Development property	3,646	3,080	-	-
Inventories	9,376	8,955	-	-
Trade receivables	3,706	4,090	170	-
Other receivables	6,669	7,565	39,850	37,815
Prepayments	747	271	30	29
Investment securities	1,590	4,477	1,590	822
Cash and cash equivalents	3,125	6,322	692	2,868
	<b>28,859</b>	<b>34,760</b>	<b>42,332</b>	<b>41,534</b>
<b>Current liabilities</b>				
Trade payables	1,634	3,319	-	-
Other payables and accruals	2,037	5,564	1,270	260
Deferred rent payable	525	362	-	-
Finance lease liabilities	194	250	-	-
Loans and borrowings	11,582	9,999	-	1,450
Tax payable	179	792	-	-
	<b>16,151</b>	<b>20,286</b>	<b>1,270</b>	<b>1,710</b>
<b>Net current assets</b>	<b>12,708</b>	<b>14,474</b>	<b>41,062</b>	<b>39,824</b>
<b>Non-current liabilities</b>				
Other payables and accruals	1,484	1,045	-	-
Finance lease liabilities	370	527	-	-
Loans and borrowings	31,139	33,214	-	-
Deferred tax liabilities	2,000	1,976	-	-
	<b>34,993</b>	<b>36,762</b>	-	-
<b>Net assets</b>	<b>54,089</b>	<b>56,900</b>	<b>42,635</b>	<b>41,299</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	51,829	49,975	51,829	49,975
Other reserves	2,989	3,911	242	1,497
(Accumulated losses)/retained profits	(3,141)	369	(9,436)	(10,173)
	<b>51,677</b>	<b>54,255</b>	<b>42,635</b>	<b>41,299</b>
Non-controlling interests	2,412	2,645	-	-
<b>Total equity</b>	<b>54,089</b>	<b>56,900</b>	<b>42,635</b>	<b>41,299</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

<b>As at 31 March 2017</b>		<b>As at 31 March 2016</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
11,582	-	9,999	-

**Amount repayable after one year**

<b>As at 31 March 2017</b>		<b>As at 31 March 2016</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
31,139	-	33,214	-

**Details of any collateral**

Borrowings are secured by properties, shares of the subsidiaries, corporate guarantees of the Company, personal guarantees given by a director of the Group and fixed deposits pledged to the banks.

**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.**

	Group	
	S\$'000	
	Unaudited	Audited
	31 March 2017	31 March 2016
	S\$'000	S\$'000
<b>Operating activities:</b>		
(Loss)/profit before tax	(3,600)	561
Adjustments for:		
Depreciation of property, plant and equipment	2,208	1,224
Amortization of capitalized development expenses	12	-
Amortization of intangibles	306	-
Acquisition of minority interest	(94)	-
Interest income	(94)	(17)
Interest expenses, net	1,429	183
Inventories write-down, net	(547)	-
Loss / (Gain) on sale of fixed assets	(3)	-
Bad debt written off	9	11
(Reversal) / Impairment of receivables	(12)	39
Provisional negative goodwill on acquiring of subsidiaries	-	(14,078)
Provision for deferred rental	-	79
Impairment of development property	-	180
Impairment of plant and equipment	743	-
Impairment of unquoted securities	3,655	1,500
Impairment of goodwill	-	22
Treasury shares reissued pursuant to employee share plan	-	70
Fair value (gain)/loss on marketable securities	(768)	8,363
Exchange gain, net	(32)	-
Value of employee services received for issue of performance shares	367	-
Issuance of shares pursuant to PSP	593	-
Issuance of shares as part consideration	105	-
<b>Operating cash flows before working capital changes</b>	<b>4,277</b>	<b>(1,863)</b>
Decrease/(increase) in receivables and prepayments	573	(2,082)
Decrease in advances to suppliers for purchase of machines	-	4,941
Increase in inventories	126	(336)
Decrease in payables	(4,612)	(761)
<b>Cash flows generated from/(used in) operations</b>	<b>364</b>	<b>(101)</b>
Income tax (paid)/refund	(626)	92
Interest received	94	17
Foreign currency translation	(65)	-
<b>Net cash flows used in operating activities</b>	<b>(233)</b>	<b>(175)</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(763)	(5,242)
Expenditure on development property	(566)	(66)
Purchase of marketable securities	-	(434)
Net cash outflow on acquisition of a subsidiary	-	(32,182)
Investment in unquoted shares	-	(1,500)
Sale of intangibles	6	-
Proceeds on disposal of plant and equipment	492	-
<b>Net cash flows used in investing activities</b>	<b>(831)</b>	<b>(39,424)</b>

	Group	
	S\$'000	
	Unaudited	Audited
	31 March 2017	31 March 2016
	S\$'000	S\$'000
<b>Financing activities:</b>		
Net proceeds from loans and borrowings	-	31,071
Repayment of obligations under finance leases	(212)	-
Interest paid, net	(1,429)	(183)
Purchase of treasury shares	-	(3,495)
Repayment of loan and borrowings	(492)	-
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(2,133)</b>	<b>27,576</b>
Net decrease in cash and cash equivalents	(3,197)	(12,023)
Cash and cash equivalents at beginning of the year	4,212	16,235
<b>Cash and cash equivalents at end of the year</b>	<b>1,015</b>	<b>4,212</b>

**Cash and cash equivalents comprise:**

	Group	
	S\$'000	
	Unaudited	Audited
	31 March 2017	31 March 2016
Cash on hand and at bank	1,347	4,684
Fixed deposits	1,778	1,638
<b>Cash and cash equivalents as per statement of financial position</b>	<b>3,125</b>	<b>6,322</b>
Less: Fixed deposits pledged	(1,098)	(1,330)
Less: Bank overdraft	(1,012)	(780)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>1,015</b>	<b>4,212</b>

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

Group	Share capital	Treasury Shares	Gain/(loss) on reissuance of treasury shares	Share based compensation reserve	Retained profits / (Accumulated losses)	Discount on purchase of NCI's shares	Foreign currency translation reserve	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening Balance at 1 April 2015	46,328	(1,021)	-	-	(234)	2,414	-	-	47,487	498	47,985
Profit for the year	-	-	-	-	603	-	-	-	603	(183)	420
Total comprehensive income for the year	-	-	-	-	603	-	-	-	603	(183)	420
Purchase of treasury shares	-	(3,495)	-	-	-	-	-	-	(3,495)	-	(3,495)
Issuance of shares pursuant to PSP	-	50	-	20	-	-	-	-	70	-	70
Issuance of shares pursuant to acquisition of investment in unquoted securities	-	3,337	318	-	-	-	-	-	3,655	-	3,655
Issuance of shares pursuant to acquisition of subsidiaries	3,647	1,129	(697)	-	-	-	-	1,856	5,935	-	5,935
Acquisition of subsidiaries with NCI	-	-	-	-	-	-	-	-	-	2,210	2,210
Incorporation of a subsidiary with NCI	-	-	-	-	-	-	-	-	-	120	120
Closing balance at 31 March 2016	49,975	-	(379)	20	369	2,414	-	1,856	54,255	2,645	56,900

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Group	Share capital	Treasury shares	Gain/(loss) on reissuance of treasury shares	Share based compensation reserve	Retained profits / (Accumulated losses)	Discount on purchase of NCI's shares	Foreign currency translation reserve	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Opening Balance at 1 April 2016</b>	<b>49,975</b>	-	<b>(379)</b>	<b>20</b>	<b>369</b>	<b>2,414</b>	-	<b>1,856</b>	<b>54,255</b>	<b>2,645</b>	<b>56,900</b>
Profit for the year	-	-	-	-	(3,510)	-	-	-	(3,510)	(138)	(3,648)
Foreign currency translation	-	-	-	-	-	-	(132)	-	(132)	(1)	(133)
Total comprehensive income for the year	-	-	-	-	(3,510)	-	(132)	-	(3,642)	(139)	(3,781)
Acquisition of NCI without a change in control	-	-	-	-	-	-	-	-	-	(94)	(94)
Value of employee services received for issue of performance shares	-	-	-	366	-	-	-	-	366	-	366
Issuance of shares pursuant to PSP	793	-	-	(200)	-	-	-	-	593	-	593
Issuance of shares pursuant to repayment of loaned shares	956	-	-	-	-	-	-	(1,421)	(465)	-	(465)
Issuance of shares as part consideration	105	-	-	-	-	-	-	-	105	-	105
Adjustment for share considerations	-	-	-	-	-	-	-	465	465	-	465
<b>Closing balance at 31 March 2017</b>	<b>51,829</b>	-	<b>(379)</b>	<b>186</b>	<b>(3,141)</b>	<b>2,414</b>	<b>(132)</b>	<b>900</b>	<b>51,677</b>	<b>2,412</b>	<b>54,089</b>



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

Company	Share capital	Treasury shares	Other reserves	Gain/loss on reissuance of treasury shares	Share based compensation reserve	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening Balance at 1 April 2015	46,328	(1,021)	-	-	-	(259)	45,048
Loss for the financial year	-	-	-	-	-	(9,914)	(9,914)
Total comprehensive income for the year	-	-	-	-	-	(9,914)	(9,914)
Purchase of treasury shares	-	(3,495)	-	-	-	-	(3,495)
Issuance of shares pursuant to PSP	-	50	-	-	20	-	70
Issuance of shares pursuant to acquisition of investment in unquoted securities	-	3,337	-	318	-	-	3,655
Issuance of shares pursuant to acquisition of subsidiaries	3,647	1,129	1,856	(697)	-	-	5,935
Closing balance at 31 March 2016 and 1 April 2016	49,975	-	1,856	(379)	20	(10,173)	41,299
Profit for the financial year	-	-	-	-	-	737	737
Total comprehensive income for the year	-	-	-	-	-	737	737
Value of employee services received for issue of performance shares	-	-	-	-	366	-	366
Issuance of shares pursuant to PSP	793	-	-	-	(200)	-	593
Issuance of shares pursuant to repayment of loaned shares	956	-	(1,421)	-	-	-	(465)
Issuance of shares as part consideration	105	-	-	-	-	-	105
Closing balance at 31 March 2017	51,829	-	435	(379)	186	(9,436)	42,635

- 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 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 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. 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.**

Ordinary Shares

During the 3 months ended 31 March 2017, the Company issued 7,436,026 ordinary shares pursuant to the following:

1. 1,308,015 ordinary shares were issued to selected eligible employees pursuant to the USP Group Performance Share Plan;
2. 4,900,000 ordinary shares were issued to Precious Stream Holdings Ltd as full repayment under the Share Lending Agreement; and
3. 1,228,011 ordinary shares were issued as part consideration pursuant to the Construction Agreement with Eunic Builders Pte Ltd dated 20 September 2016 to undertake the construction of a 2-story envelope control semi-detached dwelling house with a swimming pool on Lot 97396W MK18 at 71 Blandford Drive.

Performance Shares

There were 1,025,640 performance shares granted but not vested as at 31 March 2017 (31 March 2016: 645,160)

The Company does not have any treasury shares at the end of the period under review.

None of the Company's subsidiaries hold any shares in the Company at the end of the period under review.

- 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.**

	31 March 2017	31 March 2016 (Adjusted)*
Total number of issued ordinary shares excluding treasury shares	89,896,363	78,775,310

- \* On 11 April 2016, the Company completed a share consolidation of every ten (10) ordinary shares into one (1) consolidated share.

- 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.

- 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.

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

These figures have neither been audited nor reviewed by the Company's auditor.

**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.**

The accounting policies and methods of computation used are consistent with those used in the most recently audited annual financial statements except for the adoption of the new or amended Financial Reporting Standards (FRS) and Interpretations to FRS (INT FRS) that are mandatory for financial years beginning on or after 1 April 2016.

**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.**

Please refer to item 4 above. The adoption of the new/revised FRSs and INT FRS had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

**6. (Losses)/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.**

	Group	
	31 March 2017	31 March 2016
Earnings per ordinary share from continuing operations of the group, after deducting any provision for preference dividends (in SGD cents):		
(a) Based on weighted average number of ordinary shares on issue; and	(4.31)	0.90
Weighted average number of ordinary shares for basic earnings/(losses) per share computation	81,443,000	66,799,081
(b) Based on a fully diluted basis	(4.31)	0.90
Weighted average number of ordinary shares adjusted for the effect for dilution	81,443,000	66,799,081

**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	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in SGD cents):	57.49	68.87	47.43	52.43
No. of ordinary shares used in computing net asset value	89,896,363	78,775,310	89,896,363	78,775,310

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 PERFORMANCE**

### **Revenue**

Revenue increased by \$29.8 million from \$6.8 million in FY2016 to \$36.6 million in FY2017. The increase was mainly due to the full-year revenue contribution from the Group recent acquisition of Koon Cheng Development ("KCD") and Supratechnic Group ("Supra"). Compared to FY2016, revenue generated from the Oil business decreased by over 50% due to the decrease trading activities in USP Oil. On the other hand, Biofuel's revenue recorded a year on year increase of over 50% partly due to its improved work processes allowing increased output from the treatment of oil sludges and partly also due to the recovery of oil prices compared to the previous year.

### **Other income/(expenses), net**

The Group's net other expenses in FY2016 consists of a fair value loss of \$8.4m on its quoted securities. In FY2017, there is \$0.5 million of inventories written off and a revaluation gain of \$0.8 million on its quoted securities.

### **Operating Expenses**

Selling and distribution expenses increased from \$0.06 million in FY2016 to \$1million in FY2017 largely due to Supra Group.

General and administrative expenses increased from \$6.2 million in FY2016 to \$15.6 million in FY2017 mainly due to the consolidation of the full year general and administrative expenses from Supra and KCD businesses, and an impairment of plant and machinery of \$0.7 million.

### **(Loss)/Profit Before Tax**

The Group reported a loss before income tax of \$3.3 million in FY2017 as compared to a profit before tax of \$0.5 million in FY2016. The loss before income tax was mainly attributable to a one-off impairment charges in SG Support Services Pte Ltd of \$2.8 million where USP Industrial and the major shareholder of SG Support Services had a dispute. Both parties have since reached full and final settlement of the disputes as announced on 16 January 2017, 15 February 2017 and 22 March 2017.

Exclude the one-off items in FY2016 where the Group benefited from \$14 million in one-off provisional gains from bargain purchases, and one-off items in FY2017 where the Group suffered the write-off of SG Support Services Pte Ltd, the Group's operational performance improved from a negative EBITDA of \$10.6 million in FY2016 to a positive EBITDA of \$3.2 million in FY2017.

The Group is in the process of finalizing its purchase price allocation for KCD and Supra which will be ready by the time the Group issues its Annual Report and call its AGM. Any adjustment to the provisional negative goodwill previously recognized arising from both acquisitions will be adjusted accordingly on a retrospective basis when the valuation of the business as a whole is finalised.

## **REVIEW OF FINANCIAL POSITION**

### **Current Assets**

The Group's current assets decreased by \$5.8 million from \$34.8 million as at 31 March 2016 to \$29.0 million as at 31 March 2017. The Group's investment securities decreased by \$2.8 million to \$1.6 million due to one-off write off of investment in SG Support Services Pte Ltd. Cash and cash equivalents decreased by \$3.2 million to \$3.1 million.

The Group is currently in the process of applying for striking off on one of its dormant subsidiary, Supra International Pte Ltd, incorporated prior to year-end but not consolidated in FY2017.

### **Current and Non Current Liabilities**

The Group's current liabilities decreased by \$4.1 million mainly due to the repayment of trade payables. Non current liabilities decreased by \$1.8 million mainly due to repayment of loans and borrowings.

In all, the Group's net tangible assets were \$54.4 million or circa 60.51 cents per share..

### **REVIEW OF CASH FLOW**

Group cash decreased by \$3.2 million to \$3.1 million as at 31 March 2017 compared to the corresponding year, largely because of:

- a. Deferred payments of \$1.9 million were made in respect of the acquisitions of Supra;
- b. \$0.6 million construction costs paid in relation to 71 Blandford); and
- c. \$0.5 million repayment of bank loan.

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

Not applicable.

**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.**

#### **Oil-blending business**

While Biofuel is expected to continue generating positive cashflow, it is limited by the amount of oil sludge supply for processing and the low oil price. At the current oil prices of below the US\$50 per barrel, the Group has held back its plans to expand its oil blending business.

#### **Property Development business**

The rental yield from Woodlands Industrial Property is expected to continue to be stable with rental contracts extending up to 36 months. The property is almost 100% leased out. The Group is also exploring the possibility of increasing the Gross Plot Ratio of the property from 1 to 1.5 and/or applying to convert the two commercial buildings in the property to strata title. This is still preliminary and the Group will update the market as and when there are any significant progress.

Bearing any unforeseen circumstances beyond USP Properties control, 71 Blandford Drive is expected to obtain TOP by middle of August 2017. The company has been in discussion with potential buyers.

During the year, USP Properties has also provided financing to Gadius Assets Pte Ltd to jointly develop two strata bungalows at Ponggol Seventeenth Avenue. As of date of this announcement, it is expected that one unit will be sold by 2H2017.

#### **Marine business**

As previously announced on 29 May 2017, the Company is currently in preliminary discussions to explore the spin-off listing of Supra on the Growth Enterprise Market ("GEM"), an alternative stock market set up and operated by the Stock Exchange of Hong Kong. The Proposed Listing is part of the Company's efforts to maximize shareholder value. The Group is currently still in consultation with SGX on the proposed spin off and in obtaining the diversification mandate.

Aside for the spinning off, Supra is currently on track to expanding into new territorial markets including East Malaysia. During the year, Supra has setup 3 new branches in East Malaysia and 2 new branches in Indonesia to increase its presence in Asia promoting Mercury products like Mercury outboard motors, Mercruiser Sterndrives and Inboard Engines, Mercury Diesel Sterndrives and Inboard Engines and Quicksilver lubricants, parts and accessories.

Supra has also successfully bid for a plot of JTC land located in 16 Joo Koon Circle and has plans to redevelop it together with the existing property at 16A Joo Koon Circle. This is in line with Supra expansion plans to increase its business operations in Asia as the exclusive distributor of Mercury products.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No dividend has been declared.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 31 March 2017.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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 Company does not have any IPT mandate.

**14. Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (In the format set out in Appendix 7.7) under Rule 720(1).**

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the preceding year.**

*(a) Analysis by business segments*

2017	Oil trading S\$'000	Property S\$'000	Marine trading S\$'000	Others S\$'000	Adjustments S\$'000	Total S\$'000
<b>Revenue</b>						
-Sales to external customers	3,109	3,726	30,196	-	(374)	36,657
<b>Total revenue</b>	<b>3,109</b>	<b>3,726</b>	<b>30,196</b>	<b>-</b>	<b>(374)</b>	<b>36,657</b>
Interest income	-	47	42	113	(108)	94
Depreciation of property, plant and equipment	(820)	(473)	(895)	(18)	(2)	(2,208)
Fair value gain on quoted securities	-	-	-	768	-	768
Provision for diminution of value of development property	-	-	-	-	-	-
Investment securities written off	-	-	-	(2,826)	-	(2,826)
Provision negative goodwill arising from acquisition of subsidiaries	-	-	-	-	-	-
Segment profit/(loss)	871	448	390	(4,772)	(231)	(3,294)
<b>Assets:</b>						
Segment assets	7,297	16,441	33,056	105,437	(56,998)	105,233
<b>Liabilities:</b>						
Segment liabilities	6,634	6,442	12,781	69,388	(44,101)	51,144
Capital expenditure on property, plant and equipment	278	5	461	19	-	763

(a) Analysis by business segments

2016	Oil trading S\$'000	Property S\$'000	Marine trading S\$'000	Others S\$'000	Adjustments S\$'000	Total S\$'000
<b>Revenue</b>						
-Sales to external customers	4,979	407	2,102	41	(710)	6,819
<b>Total revenue</b>	<b>4,979</b>	<b>407</b>	<b>2,102</b>	<b>41</b>	<b>(710)</b>	<b>6,819</b>
Interest income	-	-	3	14	-	17
Depreciation of property, plant and equipment	(1,136)	(16)	(56)	(16)	80	(1,224)
Fair value loss on quoted securities	-	-	-	(8,363)	-	(8,363)
Provision for diminution of value of development property	-	(180)	-	-	-	(180)
Provision for impairment of investment in unquoted securities	-	-	-	(1,500)	-	(1,500)
Provision negative goodwill arising from acquisition of subsidiaries	-	-	-	-	14,078	14,078
Segment profit/(loss)	(2,239)	90	158	(11,603)	14,155	561
<b>Assets:</b>						
Segment assets	13,403	36,805	38,740	25,000	-	113,948
<b>Liabilities:</b>						
Segment liabilities	(7,274)	(3,731)	(12,519)	(33,524)		(57,048)
Capital expenditure on property, plant and equipment	5,242	-	-	-	-	5,242

(b) Analysis by geographical segments

2017	China/Hong Kong/ Indonesia/ India S\$'000	Malaysia S\$'000	Singapore S\$'000	Total S\$'000
<b>Segment revenue</b>				
-external	4,584	18,198	13,875	36,657
Segment non-current assets	2,612	4,874	68,888	76,374
Capital expenditure on property, plant and equipment and development property	80	152	1,097	1,329



**(b) Analysis by geographical segments**

	China/Hong Kong/ Indonesia/ India	Malaysia	Singapore	Total
<b>2016</b>				
<b>Segment revenue</b>				
-external	1,140	713	4,966	6,819
Segment non-current assets	1,099	6,354	71,735	79,188
Capital expenditure on property, plant and equipment and development property	-	-	(5,242)	(5,242)

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Refer to paragraph 8 above.

**17. A breakdown of sales.**

	12 months ended 31 March 2017 S\$'000	12 months ended 31 March 2016 S\$'000	% Increase/ (Decrease)
	Group	Group	Group
(a) Sales reported for first half year	19,318	2,954	554
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	600	(8,427)	NA
(c) Sales reported for second half year	17,339	3,865	349
(d) Operating profit after tax before deducting minority interests reported for second half year	(4,248)	8,847	NA

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

No dividends were declared or paid in the latest full year and the previous full year.

**19. 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(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

We confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

**Li Hua**  
Executive Chairman/Chief Executive Officer

28 July 2017  
Singapore