RISING TO THE CHALLENGE

ANNUAL REPORT 2016

USP Group Limited

CONTENTS

ABOUT USP

The Company was incorporated in Singapore on 21 July 2004 under the name of Unionmet (Singapore) Pte Ltd and listed on the Singapore Exchange Securities Limited in 2007.

The Board came onboard in 2013 to restructure the business and in February 2015, changed its name to USP Group Limited. USP Group is now a diversified group with over 200 staff and net assets of over S$56.9 million across 6 countries. Headquarted in Singapore, its business areas in 2015 include oil-blending and property development.

CORPORATE MILESTONE

2016

- Investment into Trading business and acquisition of Supratechnic Group.

2015

- Disposal of Liuzhou Union Zinc Industry Co. Ltd.
- Change of company name to USP Group Limited.
- Acquisition of 49% of SG Support Service Pte. Ltd.

2014

- Diversified its business to include the Property Development Business and the Oil Blending Business.
- Established two wholly-owned subsidiaries in Singapore, namely USP Industrial Pte Ltd ("USPI") and USP Properties Pte Ltd ("USPP").
- Acquisition of 51% of Biofuel Research Pte Ltd.
- Purchase of residential property in Blandford Drive.
- Invested in 90% of Cluny Home Development Pte Ltd.

2013

- Completed the restructuring exercise of transferring of 100% equity interest of its two wholly-owned subsidiaries in the People's Republic of China, namely, Liuzhou Union Zinc Industry Co., Ltd. and Guangxi Intai Technology Co., Ltd to Unionmet Holdings Limited.

2007

- Unionmet (Singapore) Pte Ltd converted into a public limited company Unionmet (Singapore) Limited and successfully listed on Singapore Exchange Securities Trading Limited.

2004

- Incorporated in Singapore under the name of Unionmet (Singapore) Pte Ltd.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board ("the Board") of USP Group Limited (the "Company" and together with its subsidiaries, the "Group"), I am pleased to present the Annual Report and financial results of the Group for the financial year ended 31 March 2016 ("FY2016").

As in 2015, this year has been an exciting year for the Group, where we acquired two new subsidiaries, one of which is in the property business and the other in the trading business. Both are profitable and cash-generating businesses and acquired at valuations near or below their valuations. As both were completed before the end of the financial year, only a small portion of their contributions to the Group's results were recognised in this year's financial statements. It is also the first year that we were operating without the baggage of the previous loss making mineral trading business which we disposed in FY2015. In all, we are expecting a robust year ahead.

The Group will continue to look for strategic acquisitions to build breadth and depth in the business as well as organic growth in the current operations.

OVERALL FINANCIAL PERFORMANCE REVIEW

The Group's revenue increased from S$1.3 million to S$6.8 million (i.e. an increase of 423% from the previous period) with increased contributions from all market segments. The two completed acquisitions during the year are expected to provide the Group with sustainable revenue, profits and cashflow. Both were bought at attractive valuations resulting in a negative goodwill benefit of S$14.0 million. EBITDA of the Group was S$2.0 million and net profit after tax of S$0.42 million.

Net asset of the Group increased from S$48.0 million to S$56.9 million, accordingly the net asset per share was at S$0.69 per share (based on the number of shares post-consolidation in April 2016). Borrowings increased to S$43.2 million due to bank loans to finance the acquisitions and the consolidation of borrowings of the acquired companies but debt gearing remained manageable at 47%.

LOOKING TOWARDS THE FUTURE

Oil-blending business

The Group started its first oil trading business in July 2015 and was expected to generate healthy operating cash flow for the Group. The intention was to supplement the Biofuel business which had a limited expansion potential as it derives its feedstock from the Public Utilities Board ("PUB") with other biofuels and related products. While the Group continues to enjoy good gross margins and low inventory holding costs for its Biofuel oil blending business, poor oil prices affected the demand of biofuel during the current year. As such, as a whole, the oil blending business is still suffering a net loss, particularly due to the high depreciation charge as a result of its heavy capex.

Although the current outlook for the oil economy is volatile, we are optimistic about our business prospects and will continue to actively engage in discussions with technology partners and strategic business partners to look into expanding this business, broadening our capabilities and deepening our competitiveness.

Property Development business

With regards to the Group's residential property development at Blandford Drive, it had completed the demolition of the existing structure and commenced construction of the structure during the year. The Company expects to sell the property by early next year.

The Group also enjoys a steady rental income from its industrial property under Koon Cheng Development, one of our newly acquire subsidiaries during the year. Koon Cheng Development holds two commercial buildings with a gross floor area of 92,359 square feet and one workers' dormitory. Almost all of the units and the rooms in the dormitory are rented out.

The Group is currently reviewing other potential property projects and would update the shareholders when appropriate.

Trading business

Through the acquisition of Supratechnic Group, the Group has obtained a trading business with S$30 million annual revenue and circa S$2.5 million annual profits. It has a range of strong, market leading brands and has been successful in selling and growing these brands in Singapore and in the region. The Group has also secured the commitment of existing principals and positive discussions with new principals to grow the business. As earlier announced, we will be convening an extraordinary general meeting to seek the approval of the shareholders for pursuing the trading business.

APPRECIATION

In closing, the Group has transformed significantly over the last 36 months and I would like to thank the shareholders for their patience. I would also like to express my appreciation to my fellow Directors, the management team and all our employees for their dedication and commitments to the Group and to our valued customers and our business partners for their invaluable support.

LI HUA
Executive Chairman and CEO

BOARD OF DIRECTORS

MR. LI HUA

Executive Chairman and Chief Executive Officer

Mr Li is the Executive Chairman and Chief Executive Officer of the Group and was appointed to the Board on 29 July 2013, and last re-elected on 31 July 2015. He is a member of the Nominating Committee. Mr Li takes an active role in overseeing the Group's operations and business development, including formulating and executing business strategies.

Mr Li brings to the Company enterprise management experience. Prior to his appointment as Chairman and Executive Director of the Company, he is the managing director of Venture Connection Firm Pte. Ltd. where he led the company in the provision of financial consultancy services relating to initial public offering ("IPO") exercises, merger and acquisition of listed entities, IPO and listed company analysis and equity and venture capital funds investment. Prior to that, Mr Li was the general manager of Monsun Enterprise (Singapore) where he was responsible for overseeing the company's international trading business.

Mr Li graduated from National University of Singapore as Master degree-holder in Mechanical Engineering. He also holds a Bachelor's Degree in Engineering at the East China University of Science and Technology, Shanghai.

MR. THAM WAI MUN RAPHAEL

Executive Director

Mr Tham is an Executive Director of the Group and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014. Mr Tham takes an active role in overseeing the Group's corporate and business development.

Mr Tham is experienced in various businesses within the technology, construction, retail and finance industries and has been involved in general management, strategic development, financing and corporate restructuring. Mr Tham is also a Non-Executive Director of Byte Power Group Limited, a listed company in Australia Stock Exchange.

Mr Tham was the senior vice president of a Hong Kong based, GEM listed company involved in securities, corporate finance advisory and other related services and was also the country manager of their Singapore subsidiary. Mr Tham started his career with the Economic Development Board of Singapore and holds a Bachelor of Arts (Economics) from the National University of Singapore.

MDM WENG HUIXIN

Non-Executive Director and Non-Independent Director

Mdm Weng Huixin, Non-Executive Director and Non-Independent Director, was appointed to the Board on 31 March 2014 and last re-appointed on 31 July 2015. She is a member of the Company's Audit and Remuneration Committee.

Mdm Weng Huixin is the PhD Supervisor of the East China University of Science and Technology since 2006. She is also the General Manager of Petroleum Refining Research Institute since 2006.

From 1961 to 2006, Ms Weng was a Professor / Lecturer / Researcher / Vice-President of East China University of Science and Technology.

MR. YIP MUN FOONG JAMES

Lead Independent Director

Mr Yip is the Group's Lead Independent Director and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014.

Mr. Yip was an experienced banker with over 25 years' experience working for large international financial institutions including Barclays, Amro, Toronto Dominion, First Chicago, Continental, Rabobank and finally as Global Head of Capital Markets & Syndications at Singapore-based Overseas Union Bank. In his banking career, he has been involved in commercial, corporate and investment banking as well as in financings of infrastructure projects in Australia, Indonesia and China. After leaving banking, Mr. Yip spent two years as general manager of an investment subsidiary of the Changi Airport Group that specialises in airport investments and airport management consulting globally, with a focus in China, India and the Middle East. He is currently a senior advisor to a fund management group helping to raise both equity and debt for an investment management company that is working on the potential listing of a hospitality real estate investment trust in the Singapore Exchange.

Mr. Yip holds a post-graduate diploma in management studies from the Graduate School of Business, University of Chicago and a post-graduate diploma in financial management from the Stern School of Business Administration, New York University. He is also a pioneer recipient of the executive diploma in directorship jointly awarded by the Singapore Institute of Directors and the Singapore Management University.

BOARD OF DIRECTORS

Mr. Yip currently sits on the board of China Essence Group Ltd listed on the mainboard of the Singapore Exchange as an Independent Director. He was a non-executive independent director of Linc Energy Ltd and Auhua Clean Energy PLC, previously listed on the Singapore Exchange and the Alternative Investment Market (AIM), London respectively.

MR. NGAN SEE JUAN JOHN
Independent Director

Mr Ngan is the Group's Independent Director and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014.

Mr Ngan has more than 14 years of auditing experience in professional international accounting firms, and more than 2 years of Initial Public Offering ("IPO") commercial experience in assisting companies to IPO. From 2008 to 2011, Mr Ngan worked as the Chief Financial Officer in several international companies. He has more than 10 years of audit experience with professional accounting firms such as Foo Kon Tan Grant Thornton, KPMG and PricewaterhouseCoopers in Singapore.

Mr Ngan is an Independent Director of Ziwo Holdings Ltd and China Taisan Technology Group Holdings Limited in Singapore, both are mainboard listed companies in Singapore.

Mr Ngan completed Association of Chartered Certified Accountants (ACCA) in June 1999. He is currently a member of the Institute of Singapore Chartered Accountants (ISCA), and a fellow member of Association of Chartered Certified Accountants (ACCA).

KEY MANAGAMENT

MS. NAH EE LING
Chief Financial Officer

Ms. Nah was appointed as the Chief Financial Officer of the Company on 31 Dec 2014. She is responsible for the accounts and financial matters of all subsidiaries within our Group and the review of operations of all departments to ensure effective system procedures are in place.

Ms. Nah has more than 10 years of experience in accounting, financing, corporate and tax advisory. Prior joining the Company, Ms. Nah was Practice Manager of Tan Leng Cheo & Partners and FTC Corporate & Tax Advisory Pte Ltd.

Ms. Nah is a Chartered Accountant of Singapore (CA Singapore), a Fellow member of the Association of Chartered Certified Accountant and ATP (Income Tax & GST). She graduated from Singapore Polytechnic with Diploma in Accountancy in 2000.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Li Hua *(Executive Chairman and Chief Executive Officer)*
Mr Tham Wai Mun Raphael *(Executive Director)*
Mdm Weng Huixin *(Non-Executive Director and Non-Independent Director)*
Mr Yip Mun Foong James *(Lead Independent Director)*
Mr Ngan See Juan John *(Independent Director)*

AUDIT AND RISK COMMITTEE
Mr Ngan See Juan John *(Chairman)*
Mr Yip Mun Foong James *(Member)*
Mdm Weng Huixin *(Member)*

NOMINATING COMMITTEE
Mr Yip Mun Foong James *(Chairman)*
Mr Ngan See Juan John *(Member)*
Mr Li Hua *(Member)*

REMUNERATION COMMITTEE
Mr Yip Mun Foong James *(Chairman)*
Mr Ngan See Juan John *(Member)*
Mdm Weng Huixin *(Member)*

COMPANY SECRETARIES
Ms Chiang Wai Ming (appointed on 26 October 2015)
Mr Yoo Loo Ping (appointed on 26 October 2015)
Ms Toh Lei Mui (resigned on 26 October 2015)
Ms Yeo Poh Noi Caroline (resigned on 31 July 2015)

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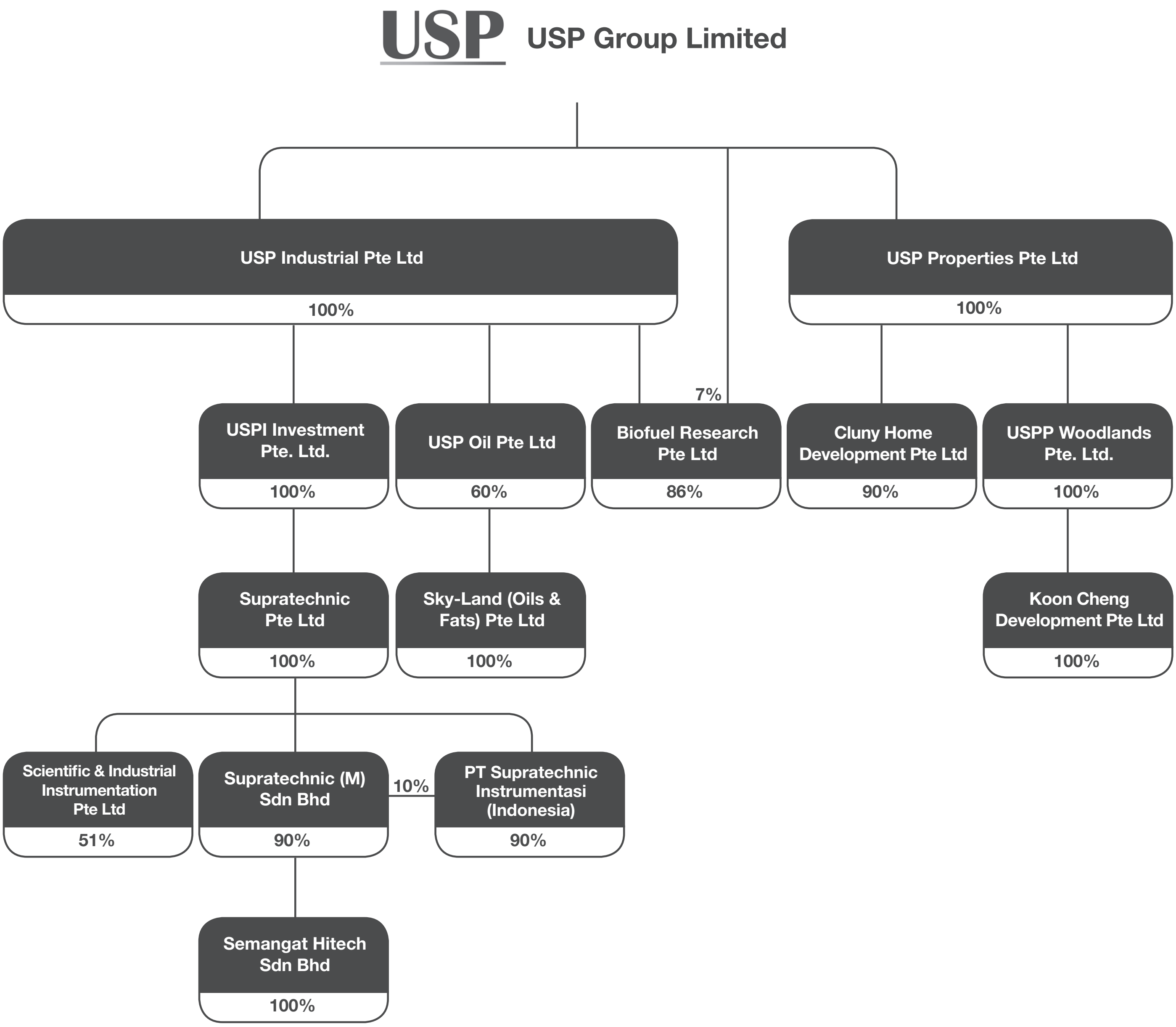
Email address: enquiries@uspgroup.com.sg
Website address: http://www.uspgroup.com.sg

PRINCIPAL BANKERS
United Overseas Bank Limited
Standard Chartered Bank (Singapore) Limited
Malayan Banking Berhad

SHARE REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Buidling
Singapore 048544

AUDITOR
Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
Partner-in-charge (since financial period ended 31 March 2015): Mr Alvin Phua Chun Yen

CORPORATE STRUCTURE



REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of USP GROUP LIMITED ("USP Group" or the "Company") is committed to high standards of corporate governance within the Company and its subsidiaries (the "Group") by adopting and complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code").

The Group recognizes that good governance processes are essential for enhancing corporate sustainability. This report describes the corporate governance framework and practices of the Group that were in place throughout the financial year ended 31 March 2016 ("FY2016"), with reference to the Code. The Board confirms that it has generally adhered to the principles and guidelines of the Code where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

1. BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board oversees the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. The primary function of the Board is to protect and enhance long-term value and returns for its shareholders.

The Group has adopted internal guidelines setting out matters reserved for the Board's approval. Within these guidelines, the Board approves transactions that exceed certain thresholds. Board's approval is required for other matters inter alia corporate restructuring, mergers and acquisitions, investments and divestments, acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, release of the Group's quarterly and full year's results and interested person transactions.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly results. Ad-hoc Board meetings are convened as and when they are deemed necessary to address significant transactions and issues that may arise in between the scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. To ensure maximum Board participation, the Constitution of the Company provide for meetings to be held via tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means or via circulation of written resolutions for approval by the relevant members of the Board or Board committees.

Directors may request explanation, briefing or discussion on any aspect of the Group's operation or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

To facilitate effective management and assist in discharging its responsibilities, the Board has delegated specific authorities to the various Board committees, namely the Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises.

All Committees are chaired by an independent Director and consist a majority of Non-Executive Directors. Further details of the scope and functions of the various Board committees are set out in this Report.

The Board accepts that while the Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions vest with the Board and the Chairmen of each Board Committees will report back to the Board with their decisions and/or recommendations.

Details of Board and Board Committee Meetings held during FY2016 and the attendance of each Director are summarised in the table below:

	Board	ARMC	NC	RC
Number of Meetings	**4**	**4**	**1**	**1**
Li Hua	4	4*	1	1*
Raphael Tham Wai Mun	4	4*	1*	1*
Yip Mun Foong James	4	4	1	1
Ngan See Juan	4	4	1	1
Weng Huixin	2	2	–	–

* Attendance at meetings that were held on a "By Invitation" basis

The Group will consider appropriate training programmes for its Directors to equip them with the relevant knowledge, where required. Directors are kept informed of the relevant new laws, regulations and changing commercial risks, from time to time. Relevant updates, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information.

Newly appointed Directors would be briefed on the business activities and the strategic direction and policies of the Group. Directors also have the opportunity to meet with Management to gain a better understanding of the Group's business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing. There was no new Director appointed during FY2016. The Company will be responsible for arranging and funding the training of Directors.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises five Directors, one-third of whom are Independent Directors. The composition of the Board complies with the Code's guideline that Independent Directors make up at least one-third of the Board as follows:

	Name of Director	Position
1.	Li Hua	Executive Chairman and Chief Executive Officer
2.	Raphael Tham Wai Mun	Executive Director
3.	Weng Huixin	Non-Executive and Non-Independent Director
4.	Yip Mun Foong James	Lead Independent Director
5.	Ngan See Juan	Independent Director

The Code provides that where the Chairman is inter alia, part of the Management team or is not an Independent Director, the Independent Directors should make up at least half of the Board. The NC and the Board will work towards compliance with this guideline when appropriate.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience, and collectively possesses the relevant and necessary skills sets and core competencies for effective decision-making which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The NC also strives to ensure that the size of the Board is conducive to discussions and facilitates decision-making.

The NC with the concurrence of the Board is of the opinion that its current Board size of five members is appropriate, having regard to the nature and scope of the Group's operations. As a Group, the members of the Board bring with them a broad range of expertise in areas such as accounting, finance, investment, business, industrial and enterprise management experience as well as familiarity with regulatory requirements. Each Director has been appointed based on the strength of his calibre and experience. The diversity of the Directors' experience allows meaningful exchange of ideas and views in the development of the Group strategy and performance of its business.

The profiles of the Directors are set out on pages 3 and 4 of this Annual Report.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business and enable the Board to make informed and balanced decisions. When reviewing Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factor which would render a Director to be deemed not independent. The NC has reviewed, determined and confirmed the independence of the Independent Directors. The NC is of the opinion that the Board is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals dominates the Board's decision-making process.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: *There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual shall represent a considerable concentration of power.*

The positions of Chairman and the CEO are held by Mr Li Hua. Although this is a deviation from the recommendation of the Code, the Board believes that strong leadership is instrumental to the Group which is in a transitional stage in search of diversified returns and a long term growth. Vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr Li's dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently.

As Executive Chairman cum CEO, Mr Li is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He also works closely with the Board to determine the business strategies and with Management to realize the Group's vision. All major decisions made in the capacity of CEO are reviewed by the Board.

The Board believes that there are adequate safeguards and checks in place to assure that the process of decision making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of the Company. The Board is not considering separating the roles of the Executive Chairman and CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendations when necessary.

The Executive Chairman and CEO's performance and appointment to the Board are reviewed by the NC and his remuneration package is reviewed by the RC. Both the NC and RC are chaired by Independent Directors.

In compliance with the Code, Mr Yip Mun Foong James, an Independent Director and Chairman of the NC, is the Lead Independent Director. The Lead Independent Director is available to shareholders should they have concerns on issues that cannot be appropriately dealt with by the Chairman & CEO, the Executive Director or the Chief Financial Officer ("CFO").

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is regulated by a set of written terms of reference. The majority, including the Chairman, are independent. The NC members are:

(a) Yip Mun Foong James (Chairman)
(b) Ngan See Juan John
(c) Li Hua

The principal functions of the NC are as follows:

(a) review and recommend to the Board the structure, size and composition of the Board and Board committees;

(b) determine the process for search, nomination, selection and appointment of new board members and assessing nominees or candidates for appointment and re-appointment to the Board;

(c) review and make recommendations to the Board on all Board appointments, including nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance;

(d) ensure all Directors submit themselves for re-election at regular intervals;

(e) review and determine annually the independence of the Directors;

(f) review and evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;

(g) evaluate Board's performance as a whole taking into consideration the contributions of each Director to the effectiveness of the Board;

(h) review succession plans, in particular, the Chairman and CEO; and

(i) oversee the induction, orientation and training for any new and existing Directors.

The NC had adopted a process for selection and appointment of new Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of candidates' suitability.

The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC, *inter alia*, his/her qualifications, business and related experience, commitment, ability to contribute to the Board , such other qualities and attributes that may be required by the Board, before making its recommendation to the Board.

The Company will provide Service Agreements to newly appointed Executive Directors setting out their terms of office and terms of appointment whereas newly appointed Non-Executive Directors will be provided with letters of appointment, setting out the Directors' duties and obligations and terms of appointment.

The NC meets at least once a year.

Pursuant to Regulation 89 of the Company's Constitution, one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). In addition, Regulation 88 of the Company's Constitution provides that a newly appointed Director must retire and submit himself/herself for re-election at the next AGM following his appointment, thereafter, he/she is subject to re-election at least once every 3 years.

Mr Raphael Tham Wai Mun and Mr Ngan See Juan will be retiring by rotation pursuant to Regulation 89 at the forthcoming AGM and being eligible, will be offering themselves for re-election.

Madam Weng Huixin who is over the age of 70 was re-appointed as Director to hold office from the date of the last AGM (held on 31 July 2015) until the forthcoming AGM pursuant to Section 153(6) of the Companies Act. Section 153(6) of the Companies Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As her appointment will lapse at the forthcoming AGM, Madam Weng Huixin will have to be re-appointed to continue in office. Upon her re-appointment at the conclusion of the forthcoming AGM, going forward, Madam Weng Huixin's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act as repealed. Madam Weng Huixin will then be subject to retirement by rotation under the Company's Constitution. In recommending a Director for re-election and re-appointment to the Board, the NC will considered, amongst other things, the attendance and participation of the Directors at the Board and Board Committee meetings, their competency and commitment. The NC, had recommended the nomination of the abovenamed Directors for re-election and re-appointment at the forthcoming AGM. The NC's recommendation was accepted by the Board.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director. Accordingly, Mr Ngan See Juan has abstained from the deliberation and decision on his re-election.

The NC adopts the Code's definition of an Independent Director and guidelines as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to state whether he considers himself to be independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

The NC has reviewed the independence of the Board members and has determined that Mr Yip Mun Foong James and Mr Ngan See Juan are independent and free from any of the relationships outlined in the Code. None of the Independent Directors on the Board are related and do not have any relationships with the Company or its related companies or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgments. Madam Weng Huixin is considered a Non-Independent Director in view of her association with Precious Stream Holdings Limited, a substantial shareholder of the Company.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The NC, having considered the Non-Executive Directors' confirmations their attendance and contributions at meetings of the Board and Board Committees, is of the view that such multiple board representations do not hinder the Directors from carrying out their duties in the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company.

As a general guideline to address time commitment, the NC is of the view that the Independent Directors may not hold more than 6 directorships in other public listed companies. The Board concurred with the NC's view.

There is no alternate Director on the Board.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and contribution by each director to the effectiveness of the Board.

The NC has adopted a formal system of assessing the performance and effectiveness of the Board as a whole. The NC believes that it is more appropriate to assess the Board as a whole, rather than assessing individual Director, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

A Board performance evaluation was carried out during the financial period to assess and evaluate the Board's size, composition, expertise, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and standards of conduct of the Board members.

As part of the process, the Directors have to complete the Board Evaluation Questionnaire which is then collated by the Company Secretary and presented to the NC. The NC will also discuss the feedback with the Board members.

For FY2016, the NC is generally satisfied with the Board evaluation results, which indicated areas for improvement with no significant problems being identified. The NC has discussed these results with the Board and the Board has agreed to work on these areas for improvement. The NC will continue to review its procedure and effectiveness from time to time.

The Board has not engaged any external facilitator in conducting the assessment of Board performance. Where relevant, the NC will consider such engagement.

The NC was of the view that given the small Board size and the cohesiveness of the Board members and that the same Independent Directors sit in the various Board Committees, there would not be any value add in having evaluations of the Board Committees.

ACCESS TO INFORMATION

Principle 6: *In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.*

The Board is furnished with information concerning the Group to enable them to be fully cognisant of the conditions and other factors affecting the Group's operation and understand the decisions and actions of the Group's management.

The agenda for Board meetings is prepared in consultation with the Chairman. As a general rule, detailed Board papers are prepared for each meeting and are normally circulated in advance prior to each meeting. The Board papers include sufficient background and information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

All Board members have separate and independent access to the advice and services of the Company Secretaries, who are responsible to the Board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. All Board members also have separate and independent access to the Senior Management of the Company and the Group at all times.

Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

The Company Secretary attends the Board and Board Committees meetings of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary shall be reviewed by the Board.

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The RC is regulated by a set of written terms of reference. The majority including the Chairman, are independent. The RC members are:

(a) Yip Mun Foong James (Chairman)
(b) Ngan See Juan John
(c) Weng Huixin

The RC meets at least once annually.

The principal functions of the RC are as follows:

(a) recommend to the Board a framework of remuneration for the Board and key management personnel of the Group with the aim of building a capable and committed Board and management team through competitive compensation which is sufficient to attract, retain and motivate key management personnel of the required calibre to run the Company effectively;

(b) consider what compensation in the Executive Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;

(c) review and recommend Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

(d) review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time. If required, the RC will seek expert advice inside or outside the Company on remuneration of all Directors.

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as effort and time spent and responsibilities of the Directors. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S$150,000 as Directors' fees for the financial year ending 31 March 2017, payable quarterly in arrears.

No Director is involved in deciding his own remuneration. Each of Mr Yip Mun Foong, Mr Ngan See Juan and Madam Weng Huixin being RC members, abstained from deliberation and voting in respect of their own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

In reviewing and determining the remuneration packages of the Executive Directors and key management personnel, the RC shall consider the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the responsibilities, skills, expertise and contribution to the Company's performance and if the remuneration packages are competitive and sufficient to assure that the Company is able to attract and retain the best available executive talent. The RC makes its recommendation to the Board which has the discretion to accept or vary the recommendations.

The remuneration structure of the Executive Directors and key management personnel includes a direct performance-based variable component. This is in line with both market and best practices of structuring a proportion of key management personnel's remuneration to be directly linked to corporate and individual performance. As the Executive Directors and key management personnel of the Group are rewarded based on their achievement of key performance indicators and the actual results of the Group, and not any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group.

The RC has access to external expert advice with regard to remuneration matters, if required. During the financial year, the RC did not require the service of an external remuneration consultant.

The Executive Directors' remuneration (Mr Li Hua and Mr Raphael Tham Wai Mun) as set out in their three year service agreement commenced from 29 July 2013 with an automatic two year renewal clause (unless otherwise terminated by either party giving not less than three months' notice to the other), consist of a salary and a performance bonus to be determined at the discretion of the Board.

DISCLOSURE ON REMUNERATION

Principle 9: *Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.*

Directors

A breakdown of the level and mix of the remuneration of the Directors for FY2016 is as follows:

Directors' remuneration	Fees %	Salary %	Bonus %	Other benefits %	Total %
Li Hua	–	92	–	8	100
Raphael Tham Wai Mun	–	90	–	10	100
Yip Mun Foong James	100	–	–	–	100
Ngan See Juan	100	–	–	–	100
Weng Huixin	100	–	–	–	100

Key Management Personnel

Details of remuneration paid to the key management personnel of the Group (who are not Directors) for FY2016 are all below S$250,000. A breakdown of the level and mix of her remuneration is as follows:

Name of Key Management Personnel	Designation	Salary %	Bonus %	Other benefits %	Total %
Below S$250,000					
Nah Ee Ling	CFO	82	7	11	100

Notwithstanding Guideline 9.1 of the Code, there was only 1 key management personnel during FY2016. For confidentiality reasons and given the highly competitive hiring conditions, the Company is not disclosing each individual Director and its key management personnels' remuneration.

There were no post-employment benefits granted to the Directors and key management personnel.

There were no employees of the Group who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2016.

Performance Share Plan ("PSP")

The Group has a PSP in place, which was approved by the shareholders of the Company at an Extraordinary General Meeting on 27 February 2015. The objectives of the PSP are as follows:

(a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(b) to provide an opportunity for participants of the PSP to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and

(d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The RC comprising Mr Yip Mun Foong James (Chairman), Mr Ngan See Juan John and Madam Weng Huixin, is responsible for the administration of the PSP.

There were PSP granted during FY2016. Details of PSP can be found on Pages 22-23 under the Directors' Statement of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board provides shareholders, a balanced and understandable assessment of the Group's performance, position and prospects through the presentation of the annual financial statements and results announcements on a quarterly basis.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a timely basis in order for the Board to discharge its duties effectively. In addition, all relevant information on budgets, forecasts, monthly accounts, material events and transactions complete with background and explanations are circulated to Directors as and when they are available on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board is currently assisted by the ARMC in providing risk management oversight while the ownership of day-to-day management and monitoring of existing internal controls system are delegated to Management.

During FY2016, the external auditors together with Management, assists the ARMC in its review of the adequacy and effectiveness of the internal controls, through regular evaluation of the Group's internal controls, financial and accounting policies and risk management policies and procedures. Non-compliance and recommendations for implementation are reported to the ARMC. The ARMC will review the external auditors comments and ensure that there are adequate internal controls in the Group and follow-up actions are implemented.

Management regularly reviews the Company's business and operational activities to identify areas of significant business, financial, compliance and information technology controls risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the ARMC and Board.

Based on the reviews conducted by Management, Management's assurance on the state of the Group's internal controls, and the work performed by the external auditor, the Board, with the concurrence of the ARMC, is of the opinion that the internal controls and risk management systems in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks in its current business environment. The ARMC will ensure that a review of such effectiveness and adequacy is conducted at least once annually.

The Board had received written assurance from the Group's CEO and CFO on the adequacy and effectiveness of the Group's internal controls system, and that the Group's financial records have been properly maintained and the financial statements give a true and fair view of its operations and finances.

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARMC is regulated by a set of written terms of reference. The majority including the Chairman, are independent. The ARMC members are:

(a) Ngan See Juan John (Chairman)
(b) Yip Mun Foong James
(c) Weng Huixin

The ARMC members bring with them managerial and professional expertise in the financial and business management fields and are appropriately qualified to discharge their responsibilities.

The ARMC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The ARMC carries out the functions set out in the Code and the Singapore Companies Act, Cap. 50. The ARMC also monitors proposed changes in accounting policies; reviews the internal audit functions and adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

In addition, the ARMC reviews with the external auditor the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and Management's response. To do so, the ARMC meets regularly with the Group's external auditor and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of controls is maintained in the Group. The ARMC has kept abreast of accounting standards and issues that could potentially impact financial reporting through regular updates and advice from its external auditor.

The Group has put in place a Whistle-Blowing Programme whereby staff and members of the public may in confidence, raise their concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Programme is to ensure that process is in place, for the independent investigation of such concerns and for appropriate follow-up actions to be taken. There were no reports of whistle blowing received during FY2016.

The ARMC has full access to and cooperation by Management and has full discretion to invite any executive Director or executive officer to attend its meetings so that they are better able to give a complete account of the issues being reviewed and answer questions from the ARMC. Where there are matters of potential sensitivity, Management will be asked to excuse themselves from the meeting so that the ARMC may discuss matters openly.

For FY2016, the ARMC has:

(i) held four meetings in a year with Management;

(ii) reviewed the annual audit plan, including the nature and scope of the external audits before commencement of these audits;

(iii) reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity and consolidated cash flow;

(iv) reviewed the risk factors and mitigation controls compiled by Management;

(v) reviewed the interested person transactions;

(vi) met up with the Group's external auditor during the year under review without the presence of Management to discuss their findings set out in their respective reports and ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management. The external auditor had confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of audits;

(vii) conducted a review of the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to SGD160,000 were approved:

Audit fees	SGD160,000
Non-Audit fees	Nil

The external auditor had also confirmed their independence in this respect.

(viii) recommended the re-appointment of Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore at the forthcoming AGM;

(ix) confirmed that the Company had complied with Rules 712 and 715 of the SGX-ST Listing Manual. The ARMC was satisfied that the resources and experience of Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, operations and nature of the Group. The accounts of the Company and its subsidiaries are audited by Ernst & Young LLP except for those as disclosed in Note 11 of the Notes to the Financial Statements. The Group's subsidiaries are disclosed under Note 11 of the Notes to the Financial Statements on page 58-60 of this Annual Report.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognizes that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, and including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and best practices, and the containment of business risks. The effectiveness of the internal financial control systems and procedures at present are monitored by Management.

The Group did not perform any internal audit for FY2016 as the major corporate restructuring exercise such as acquisition of Koon Cheng Development Pte Ltd and Supratechnic Pte Ltd had just completed in February 2016 and March 2016 respectively. Hence, an internal audit would not be meaningful to establish the effectiveness of the existing system controls and processes. The Group will look to engage an internal auditor to assess the effectiveness of the internal control processes of the Group in the next financial year.

During FY2016 the ARMC enquired and relied on reports from Management and external auditor on any material non-compliance and internal control weakness. The ARMC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for the financial year under review. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the ARMC. Timely and proper implementation of all required corrective, preventative or improvement measures is closely monitored.

4. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

SHAREHOLDERS' RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS' MEETINGS

Principle 14: *Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.*

Principle 15: *Companies should actively engage their shareholders and put in place an effective investor relations policy to promote regular, effective and fair communication with shareholders.*

Principle 16: *Companies should encourage greater shareholder participation at meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.*

In line with the continuous disclosure obligations pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, it is a policy of the Board that all shareholders should be informed of all material developments that impact the Group on a timely basis.

The Group communicates pertinent information to its shareholders on a regular and timely basis through:

- SGXNet announcements on major developments of the Group;
- Financial statements containing a summary of the financial information and affairs of the Group for the relevant quarters and full year via SGXNet;
- Annual reports and circulars that are issued to all shareholders;
- Notices and explanatory notes for general meetings;
- Shareholders can access information on the Group's website www.uspgroup.com.sg. The website provides, inter alia, all publicly disclosed financial information, corporate announcements, annual reports, and profile of the Group.

The Group does not see the need for analyst briefings, investor roadshows or Investors' Day briefings currently and will review such need when appropriate.

Shareholders are accorded the opportunity to raise relevant questions and to communicate their views at general meetings. Shareholders are informed of meetings through notices which are accompanied by the annual reports or circulars sent to them.

Dividend

The Group does not have any dividend policy.

For FY2016, the Directors do not recommend payment of dividends due to the need to conserve cash for the Group's working capital and operational use.

The Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting. Each item on special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Constitution allows shareholders of the Company to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board ("CPF") which purchases shares on behalf of the CPF investors.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to voice their views to, raise issues to and seek clarification from the Board of Directors or Management regarding the Company and its operations.

The Chairmen of the ARMC, NC and RC are normally available at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's external auditors are also be invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

The Company with the help of the Company Secretary prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and Management and such minutes, where relevant will be made available to shareholders upon their request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast and against each resolution and the respective percentages for general meetings.

5. SECURITIES TRANSACTIONS

The Group has adopted an internal compliance code of conduct to provide guidance to its officers regarding dealings in the Company's securities and implication of Insider Trading in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

The Group prohibits the Directors and employees to trade in the Company's securities, during the period beginning 1 month before the date of the announcement of the full year results and 2 weeks before the date of announcement of interim results and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group. The internal compliance code also discourages trading on short-term considerations.

The Group confirmed that it has adhered to its policy for securities transactions for FY2016.

6. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions ("IPTs"). All IPTs are subject to review by the ARMC at its quarterly meetings.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

During FY2016, there were no IPTs entered into by the Company.

The Group does not have a shareholders' mandate for IPTs.

7. MATERIAL CONTRACTS

There were no material contracts of the Company, or its subsidiary involving the interests of the Chairman, CEO, any Director or controlling shareholder except for the service agreements entered into between the Company and the Executive Directors.

8. NON-AUDIT FEE

There were no non-audit services rendered by the external auditor in FY2016.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of USP Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Li Hua
Tham Wai Mun Raphael
Yip Mun Foong James
Ngan See Juan
Weng Huixin

In accordance with Article 89 of the Company's Constitution, Tham Wai Mun Raphael and Ngan See Juan will retire and, being eligible, offer themselves for re-election.

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Directors	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Li Hua	2,278,300	2,278,300	–	–
Weng Huixin	–	–	19,966,833	15,066,833

On 11 April 2016, the Company completed a share consolidation of every ten (10) ordinary shares into one (1) consolidated share. The number of shares at beginning and end of the year have been restated to reflect the share consolidation.

As at 21 April 2016, Weng Huixin held deemed shareholding interests in the Company of 15,066,833 shares, which comprised of 12,800,000 shares held by Precious Stream Holdings Limited, a company wholly owned by Weng Huixin, under DBS Vickers Securities (S) Pte Ltd and 2,266,833 shares held under DBS Vickers Securities (S) Pte Ltd.

Directors' interests in shares and debentures (cont'd)

Except as disclosed above, there was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2016.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

The Company does not have any share option scheme.

Performance Share Plans ("PSP")

The Remuneration Committee ("RC") comprises the following Directors, and is responsible for administering the PSP:

Yip Mun Foong James - Chairman
Ngan See Juan
Weng Huixin

The PSP was approved by members of the Company at an Extraordinary General Meeting ("EGM") held on 27 February 2015. It was established to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees and non-executive directors to achieve increased performance and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met at the expiry of the prescribed performance period. Executive Directors and employees of the Group and its associated companies who have attained the age of twenty-one (21) years and hold such rank as may be designated by the RC from time to time ("**Group Executives**"), and Non-Executive Directors (including the Independent Directors) of the Group, shall be eligible to participate in the PSP. Controlling shareholders of the Company or associates of such controlling shareholders are eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the RC, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, the participant's contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the RC are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company's corporate key performance indicators. The RC has the discretion to impose a further vesting period after the performance period to encourage participants to continue serving the Group for a further period of time.

Performance Share Plans ("PSP") (cont'd)

As soon as reasonably practicable after the end of each performance period, the RC shall review the performance targets specified in respect of each award and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that the relevant participant has continued to be a Group Executive or a Non-Executive Director up to the end of the performance period, shall release to the relevant participant all or part (as determined by the RC at its discretion in the case where the RC has determined that there has been partial satisfaction of the performance target) of the shares to which the relevant award relates in accordance with the release schedule specified in respect of the relevant award.

The RC shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RC shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as to the RC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RC decides that a changed performance target would be a fairer measure of performance.

The total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregated number of shares over which options are granted under any other share option scheme of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 27 February 2015, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

The number of shares awarded to each participant are based on the achievement of certain prescribed performance targets.

As at 31 March 2016, details of share awards granted to the Directors of the Company are as follows:

Directors	As at 1 April 2015	Share awards granted during the financial year	As at 31 March 2016
Raphael Tham Wai Mun[(a)]	–	322,580	322,580
Li Hua[(a)]	–	322,580	322,580

(a) The performance shares will vest on 19 February 2017

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises three Non-Executive Directors. The members of the ARMC during the financial year and at the date of this statement are:

Ngan See Juan - Chairman
Yip Mun Foong James
Weng Huixin

The ARMC carries out the functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance. The ARMC also monitors proposed changes in accounting policies, reviews the internal audit functions and the adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Company's financial performance. In addition, the ARMC reviews with the external auditor the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and management's response. To do so, the ARMC meets regularly with the Group's external auditor and its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

Audit and Risk Management Committee (cont'd)

The ARMC has full access to and cooperation by Management and has full discretion to invite any Executive Director or executive officer to attend its meetings.

The ARMC has met with the external auditor once separately, without the presence of the Management.

Further details regarding the ARMC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Li Hua
Executive Chairman and Chief Executive Officer

Tham Wai Mun Raphael
Executive Director

Singapore

13 September 2016

Report on the financial statements

We have audited the accompanying financial statements of USP Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 26 to 99, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income, and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

13 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016
(In Singapore Dollars)

	Note	1.4.2015 to 31.3.2016 $'000	1.12.2013 to 31.3.2015 $'000
Continuing operations			
Revenue	4	6,819	1,311
Cost of sales		(4,106)	(373)
Gross profit		2,713	938
Other income/(expense)	5	4,247	6,268
Selling and distribution expenses		(59)	(169)
General and administrative expenses		(6,340)	(3,090)
Profit before tax from continuing operations	6	561	3,947
Taxation	7	(141)	–
Profit after tax from continuing operations		420	3,947
Discontinued operations			
Loss from discontinued operation, net of tax		–	(743)
Loss on disposal of subsidiaries	25	–	(694)
		–	(1,437)
Profit for the year/period		420	2,510
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		–	(210)
Foreign currency translation differences realised on disposal of subsidiaries		–	(5,057)
Other comprehensive loss for the year/period, net of tax		–	(5,267)
Total comprehensive profit/(loss) for the year/period		420	(2,757)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 31 March 2016
(In Singapore Dollars)

	Note	1.4.2015 to 31.3.2016 $'000	1.12.2013 to 31.3.2015 $'000
Profit/(loss) for the year/period attributable to:			
Owners of the Company:			
Profit after tax from continuing operations		603	3,960
Loss from discontinued operation, net of tax		–	(1,437)
Profit attributable to owners of the Company		603	2,523
Non-controlling interests:			
Loss after tax from continuing operations		(183)	(13)
Loss from discontinued operation, net of tax		–	–
Loss attributable to non-controlling interests		(183)	(13)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		603	(2,744)
Non-controlling interests		(183)	(13)
Total comprehensive income/(loss) for the year/period		420	(2,757)
Attributable to owners of the Company			
Total comprehensive income from continuing operations, net of tax		603	3,960
Total comprehensive loss from discontinued operation, net of tax		–	(6,704)
Total comprehensive income/(loss) attributable to owners of the Company		603	(2,744)
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	8a	0.09	0.60
Earnings per share (cents per share)			
Basic and diluted	8c	0.09	0.38

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2016
(In Singapore Dollars)

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	41,217	17,590	117	132
Investment properties	10	35,762	–	–	–
Investment in subsidiaries	11	–	–	1,358	1,358
Investment securities	12	194	–	–	–
Intangible assets	13	1,996	–	–	–
Deferred tax assets	24	19	–	–	–
		79,188	17,590	1,475	1,490
Current assets					
Development property	14	3,080	3,194	–	–
Inventories	15	8,955	20	–	–
Trade receivables	16	4,090	699	–	–
Other receivables	17	7,565	8,929	37,815	22,988
Prepayments		271	57	29	52
Investment securities	12	4,477	8,751	822	8,751
Cash and cash balances	18	6,322	16,235	2,868	11,883
		34,760	37,885	41,534	43,674
Total assets		113,948	55,475	43,009	45,164
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	19	3,319	367	–	–
Other payables and accruals	20	5,564	1,696	260	116
Deferred rent payable	21	362	283	–	–
Finance lease liabilities	22	250	31	–	–
Loans and borrowings	23	9,999	2,649	1,450	–
Income tax payable		792	–	–	–
		20,286	5,026	1,710	116
Net current assets		14,474	32,859	39,824	43,558
Non-current liabilities					
Other payables and accruals	20	1,045	–	–	–
Finance lease liabilities	22	527	–	–	–
Loans and borrowings	23	33,214	2,464	–	–
Deferred tax liabilities	24	1,976	–	–	–
		36,762	2,464	–	–
Total liabilities		57,048	7,490	1,710	116
Net assets		56,900	47,985	41,299	45,048
Equity attributable to owners of the Company					
Share capital	26	49,975	46,328	49,975	46,328
Treasury shares	27	–	(1,021)	–	(1,021)
Other reserves	28	3,911	2,414	1,497	–
Accumulated profits/(losses)		369	(234)	(10,173)	(259)
		54,255	47,487	41,299	45,048
Non-controlling interests		2,645	498	–	–
Total equity		56,900	47,985	41,299	45,048

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2016
(In Singapore Dollars)

Group	Attributable to owners of the Company											
	Share capital (Note 26) $'000	Treasury shares (Note 27) $'000	Gain/(loss) on reissuance of treasury shares (Note 28) $'000	Share based payment reserve (Note 28) $'000	Statutory reserve (Note 28) $'000	Accumulated losses $'000	Discount on purchase of non-controlling interests $'000	Foreign currency translation reserve (Note 28) $'000	Other reserve (Note 28) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 December 2013	42,714	–	–	–	2,899	(5,656)	–	5,267	–	45,224	–	45,224
Profit for the financial period	–	–	–	–	–	2,523	–	–	–	2,523	(13)	2,510
Other comprehensive income	–	–	–	–	–	–	–	(210)	–	(210)	–	(210)
Transfer to retained earnings on disposal	–	–	–	–	–	–	–	(5,057)	–	(5,057)	–	(5,057)
Total comprehensive income/(loss) for the financial period	–	–	–	–	–	2,523	–	(5,267)	–	(2,744)	(13)	(2,757)
Contributions by and distributions to owners												
Purchase of treasury shares	–	(1,021)	–	–	–	–	–	–	–	(1,021)	–	(1,021)
Issue of shares on rights issue	3,614	–	–	–	–	–	–	–	–	3,614	–	3,614
Total contributions by and distributions to owners	3,614	(1,021)	–	–	–	–	–	–	–	2,593	–	2,593
Changes in ownership interests in subsidiaries												
Acquisition of a subsidiary with NCI (Note 11)	–	–	–	–	–	–	–	–	–	–	2,888	2,888
Acquisition of non-controlling interests without a change in control (Note 11)	–	–	–	–	–	–	2,414	–	–	2,414	(2,414)	–
Subscription of shares from rights issue of a subsidiary by a non-controlling interest (Note 11)	–	–	–	–	–	–	–	–	–	–	37	37
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	2,414	–	–	2,414	511	2,925
Others												
Transfer of statutory reserve to retained earnings on disposal of subsidiaries	–	–	–	–	(2,899)	2,899	–	–	–	–	–	–
Balance at 31 March 2015 and 1 April 2015	46,328	(1,021)	–	–	–	(234)	2,414	–	–	47,487	498	47,985

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 March 2016
(In Singapore Dollars)

Group	Attributable to owners of the Company											
	Share capital (Note 26) $'000	Treasury shares (Note 27) $'000	Gain/(loss) on reissuance of treasury shares (Note 28) $'000	Share based payment reserve (Note 28) $'000	Statutory reserve (Note 28) $'000	Accumulated losses $'000	Discount on purchase of non-controlling interests $'000	Foreign currency translation reserve (Note 28) $'000	Other reserve (Note 28) $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Profit/(loss) for the financial year	–	–	–	–	–	603	–	–	–	603	(183)	420
Total comprehensive income/(loss) for the financial year	–	–	–	–	–	603	–	–	–	603	(183)	420
Contributions by and distributions to owners												
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 for acquisition of subsidiaries	3,647	1,129	(697)	–	–	–	–	–	1,856	5,935	–	5,935
Total contributions by and distributions to owners	3,647	1,021	(379)	20	–	–	–	–	1,856	6,165	–	6,165
Changes in ownership interests in subsidiaries												
Acquisition of subsidiaries with NCI (Note 11)	–	–	–	–	–	–	–	–	–	–	2,210	2,210
Incorporation of a subsidiary with NCI (Note 11)	–	–	–	–	–	–	–	–	–	–	120	120
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	2,330	2,330
Balance at 31 March 2016	49,975	–	(379)	20	–	369	2,414	–	1,856	54,255	2,645	56,900

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Share capital (Note 26) $'000	Treasury shares (Note 27) $'000	Gain/loss on reissuance of treasury shares (Note 28) $'000	Share based payment reserve (Note 28) $'000	Other reserves (Note 28) $'000	Accumulated losses $'000	Total equity $'000
Company							
Balance at 1 December 2013	42,714	–	–	–	–	(8,612)	34,102
Profit for the financial period	–	–	–	–	–	8,353	8,353
Total comprehensive income for the financial period	–	–	–	–	–	8,353	8,353
Purchase of treasury shares	–	(1,021)	–	–	–	–	(1,021)
Issuance of shares on rights issue	3,614	–	–	–	–	–	3,614
Balance at 1 March 2015 and 1 April 2015	46,328	(1,021)	–	–	–	(259)	45,048
Loss for the financial year	–	–	–	–	–	(9,914)	(9,914)
Total comprehensive loss for the financial 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	(697)	–	1,856	–	5,935
Balance at 31 March 2016	49,975	–	(379)	20	1,856	(10,173)	41,299

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year 31 March 2016
(In Singapore Dollars)

	Note	1.4.2015 to 31.3.2016 $'000	1.12.2013 to 31.3.2015 $'000
Operating activities:			
Profit before tax from continuing operations		561	3,947
Loss before tax from discontinued operations		–	(1,345)
Profit before tax		561	2,602
Adjustments for:			
Depreciation of property, plant and equipment	9	1,224	334
Amortisation of land use rights		–	5
Interest income	5	(17)	(90)
Interest expense	6	183	37
Reversal of write-down of inventories, net	15	–	(4)
Gain on disposal of quoted securities		–	(1)
Loss on disposal of subsidiaries		–	694
Bad debts written off	5	11	229
Allowance for doubtful receivables	5	39	31
Provisional negative goodwill on acquisition of subsidiaries	5	(14,078)	(6)
Provision for deferred rental	21	79	144
Unrealised exchange gain, net		–	(235)
Impairment of development property	14	180	–
Impairment of unquoted securities	12	1,500	–
Impairment of goodwill	5	22	–
Employee share plan		70	–
Fair value loss/(gain) on quoted securities	5	8,363	(5,942)
Foreign currency translation		–	(416)
Operating cash flows before changes in working capital		(1,863)	(2,618)
Increase in receivables and prepayments		(2,082)	(4,243)
Decrease/(increase) in advances to suppliers for purchase of machines		4,941	(8,810)
(Increase)/decrease in inventories		(336)	1,303
(Decrease)/increase in payables		(761)	701
Cash flows used in operations		(101)	(13,667)
Income tax paid		92	(45)
Interest received		17	90
Interest paid		(183)	(37)
Net cash flows used in operating activities		(175)	(13,659)
Investing activities:			
Purchase of property, plant and equipment	9	(5,242)	(5,777)
Expenditure on development property	14	(66)	(3,194)
Purchase of marketable securities		(434)	(2,816)
Proceeds from sale of marketable securities		–	8
Net cash outflow on acquisition of subsidiaries		(32,182)	(2,811)
Disposal of subsidiaries, net of cash	25	–	(1,845)
Investment in unquoted shares		(1,500)	–
Proceeds from subscription of shares from rights issue of a subsidiary by a non-controlling interest		–	37
Net cash flows used in investing activities		(39,424)	(16,398)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT (CONT'D)

For the financial year ended 31 March 2016
(In Singapore Dollars)

	Note	1.4.2015 to 31.3.2016 $'000	1.12.2013 to 31.3.2015 $'000
Financing activities:			
Net proceeds from loans and borrowings		31,071	2,464
Increase in/(repayment of) finance lease liabilities		–	(14)
Net proceeds from issuance of new shares in rights issue	26	–	3,615
Purchase of treasury shares	27	(3,495)	(1,021)
Net cash flows generated from financing activities		27,576	5,044
Net decrease in cash and cash equivalents		(12,023)	(25,013)
Effect of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at beginning of financial year/period		16,235	41,248
Cash and cash equivalents at end of financial year/period	18	4,212	16,235

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

USP Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767 and the principal place of business is located at 16A Joo Koon Circle, Singapore 629048.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 *Property, plant and equipment* and FRS 41 *Agriculture - Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016

(In Singapore Dollars)

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Description	Effective for annual periods beginning on or after
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to account for all leases (subject to certain exemptions) under a single on-balance sheet model. Lessees will recognise a liability to pay rentals with a corresponding right-of-use asset, and recognise interest expense and depreciation separately.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EDITDA and gearing ratio.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Foreign currency*

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Foreign currency (cont'd)*

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold building	–	50 years
Leasehold land and building	–	20 years
Leasehold improvement	–	5 years
Warehouse	–	50 years
Plant and machinery	–	10 years
Office equipment	–	5 years
Furniture and fittings	–	5 years
Motor vehicles	–	5 years
Computers	–	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 *Investment properties*

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

2.10 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Customer relationships

Customer relationships are acquired in business combinations. The customer relationships are amortised over their estimated useful lives of 5 years.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gain on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 *Impairment of financial assets*

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

(a) ***Financial assets carried at amortised cost (cont'd)***

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) ***Available-for-sale financial assets***

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation. Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

Raw materials	–	purchase costs on a weighted average basis;
Finished goods and work-in-progress	–	costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.18 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.19 *Employee benefits*

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The undiscounted liability for leave is recognised for services rendered by employees up to end of the reporting period.

(c) ***Share-based compensation***

The fair value of the employee services received in exchange for the grant of shares is recognised as share-based payment to employees in profit or loss with a corresponding increase in the share based payment reserve over the vesting period. The amount is determined by reference to the fair value of the shares on grant date and the expected number of shares to be vested on vesting date.

At the end of each financial reporting period, the Group revises its estimates of the expected number of shares that the participants are expected to receive. Any changes to the expected number of shares to be vested will entail a corresponding adjustment to the share-based payment to employees and share-based payment reserve.

Upon vesting of a share-based compensation plan, the portion of share-based payment previously recognised in the share-based payment reserve is reversed against treasury shares. Differences between share-based payment and cost of treasury shares are taken to the share capital of the Company.

2.20 *Leases*

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) ***Sale of goods***

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Consultancy income***

Revenue from the provision of consultancy services is recognised upon rendering of services.

(d) ***Rental income***

Rental income from investment properties is recognised on a time-proportion basis over the term of the relevant lease.

(e) ***Service income***

Service income is recognised when the services are rendered.

2.22 *Taxes*

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except that tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. Summary of significant accounting policies (cont'd)

2.22 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

- In respect of taxable temporary differences associated with investments in subsidiaries and associate where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2. Summary of significant accounting policies (cont'd)

2.23 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 ***Treasury shares***

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to the respectively.

2.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting estimates and judgements (cont'd)

3.1 *Key sources of estimation uncertainty (cont'd)*

(a) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 33 to the financial statements.

(b) ***Impairment of non-financial assets***

Determining whether the carrying value of a non-current asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate future cash flows expected from the cash generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The estimated recoverable amount is most sensitive to expected future cash inflows, discount rate and growth rate used for extrapolation purposes. The carrying amounts of property, plant and equipment and intangibles are disclosed in Notes 9 and 13 respectively.

3.2 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) ***Fair value measurement of investment properties***

The Group carries its investment properties at fair value determined using valuation techniques. The determination of the fair value of investment properties requires the use of estimates based on market conditions existing as at the end of the reporting period. Further details on fair value measurements of investment properties are disclosed in Note 32 to the financial statements.

(ii) ***Classification of investments in unquoted shares***

During the financial year, the Group acquired interest in an investee of which the Group holds an interest of 49% respectively. Management has concluded that the Group does not have the ability to exercise significant influence and, therefore, has accounted for the investment as investment in unquoted shares (Note 12).

4. Revenue

	Group	
	1.4.2015 to 31.3.2016	1.12.2013 to 31.3.2015
	$'000	$'000
Sale of biodiesel and blended oil	4,277	861
Sale of marine equipment and accessories and related services	2,102	–
Rental income	364	–
Service income	76	–
Consultancy income	–	450
	6,819	1,311

5. Other income/(expense)

	Group	
	1.4.2015 to 31.3.2016	1.12.2013 to 31.3.2015
	$'000	$'000
Interest income from bank deposits	17	90
Exchange (loss)/gain, net	(72)	236
Fair value (loss)/gains on quoted securities (Note 12)	(8,363)	5,942
Gain on disposal of quoted securities	–	1
Allowance for doubtful other receivables (Note 17)	(39)	(31)
Bad debts written off (Note 17)	(11)	(229)
Fixed assets written off	–	(1)
Impairment of goodwill (Note 13)	(22)	–
Provision for investment in unquoted securities (Note 12)	(1,500)	–
Provision for diminution in value of development property (Note 14)	(180)	–
Provisional negative goodwill arising from acquisition of subsidiaries	14,078	6
Government grant income	20	–
Dividend income	6	1
Others	313	253
	4,247	6,268

6. Profit before tax from continuing operations

Profit before tax from continuing operations is stated after charging/(crediting):

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	$'000	**$'000**
Audit fees paid to auditor of the Company	174	131
Non-audit fees paid to auditor of the Company	–	7
Depreciation of property, plant and equipment (Note 9)	1,224	334
Interest expense	183	37
Reversal of write-down of inventories, net	–	(3)
Employee benefit expenses (Note 30)	2,143	1,432
Legal and professional fees	628	459
Rental expenses	557	450

7. Taxation

(a) *Major components of income tax*

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	$'000	**$'000**
Consolidated income statement:		
Current income tax – continuing operations:		
- Current income taxation	76	–
Deferred income tax – continuing operations (Note 24):		
- Origination and reversal of temporary differences	65	–
Income tax attributable to continuing operations	141	–
Income tax attributable to discontinued operations (Note 25)	–	92
Income tax expense recognised in profit or loss	141	92

7. Taxation (cont'd)

(b) ***Relationship between taxation and accounting (loss)/profit***

Reconciliation between the taxation and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial year/period ended 31 March 2016 and 31 March 2015 were as follows:

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	$'000	**$'000**
Profit before tax from continuing operations	561	3,947
Loss before tax from discontinued operations	–	(1,345)
Accounting profit before tax	561	2,602
Tax expense at the domestic rates applicable to profits in the countries where the Group operates*	95	406
Adjustments:		
Income not subject to tax	(2,485)	(1,021)
Non-deductible expenses	2,148	379
Deferred tax assets not recognised	386	358
Productivity and Innovation Credit and deductions	–	(74)
Withholding tax	–	53
Others	(3)	(9)
Taxation	141	92

* The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 March 2016, the Group has tax losses and capital allowances of $13,296,000 and $$3,338,000 (2015: $10,885,000 and $3,338,000) respectively that are available for set-off against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the Singapore tax legislation. The unutilised tax losses do not have any expiry date.

8. Earnings per share

(a) ***Continuing operations***

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

8. Earnings per share (cont'd)

(a) ***Continuing operations (cont'd)***

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 March 2016 and financial period from 1 December 2013 to 31 March 2015:

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	$'000	**$'000**
Profit for the year/period attributable to owners of the Company	603	2,523
Add back: loss from discontinued operation, net of tax, attributable to owners of the Company	–	1,437
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations	603	3,960

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	No. of Shares	**No. of Shares**
	'000	**'000**
Weighted average number of ordinary shares for basic/diluted earnings per share computation*	667,990	656,323
Basic/diluted earnings per share attributable to owners of the Company (cents per share)	0.09	0.60

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares from rights issue and changes in treasury shares transactions during the current financial year/period.

(b) ***Discontinued operations***

Losses per share from discontinued operations attributable to the owners of the Company:

	Group	
	1.4.2015 to 31.3.2016	**1.12.2013 to 31.3.2015**
	$	**$**
Basic/diluted loss per share from discontinued operations attributable to owners of the Company (cents per share)	–	(0.22)

(c) ***Earnings per share computation***

The basic and diluted earnings per share are calculated by dividing the profit/(loss) for the year/period attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit for the year/period attributable to owners of the Company. These profit and share data are presented in tables in Note 8(a) above.

9. Property, plant and equipment

Group	Freehold lands and buildings $'000	Leasehold properties $'000	Leasehold improvement $'000	Warehouse $'000	Plant and machinery $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Construction in progress $'000	Total $'000
Cost:											
At 1 December 2013	–	1,862	192	–	502	156	–	360	12	703	3,787
Additions	–	–	1	–	5,354	3	–	132	4	283	5,777
Acquisition through business combinations	–	5,290	23	–	3,833	5	–	41	2	4,824	14,018
Transfers from construction in progress	–	5,353	–	–	457	–	–	–	–	(5,810)	–
Translation adjustment and transfers	–	397	(4)	–	(2)	(1)	–	(7)	1	–	384
Disposals – discontinued operations	–	(2,918)	(39)	–	(543)	(145)	–	(353)	(2)	–	(4,000)
At 31 March 2015 and 1 April 2015	–	9,984	173	–	9,601	18	–	173	17	–	19,966
Additions	–	179	35	–	4,921	25	–	74	8	–	5,242
Acquisition through business combinations	5,838	11,431	762	260	514	342	742	3,301	515	–	23,705
Disposals	–	–	(148)	–	(96)	–	–	(15)	(4)	–	(263)
At 31 March 2016	5,838	21,594	822	260	14,940	385	742	3,533	536	–	48,650

9. Property, plant and equipment (cont'd)

Group	Freehold lands and buildings $'000	Leasehold properties $'000	Leasehold improvement $'000	Warehouse $'000	Plant and machinery $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Computers $'000	Construction in progress $'000	Total $'000
Accumulated depreciation and impairment loss:											
At 1 December 2013	–	895	121	–	309	92	–	171	8	669	2,265
Charge for the financial period	–	44	34	–	199	6	–	48	3	–	334
Acquisition through business combinations	–	–	15	–	1,926	4	–	39	2	–	1,986
Translation adjustments	–	646	–	–	(6)	1	–	(2)	–	–	639
Reversal of impairment loss	–	–	–	–	–	–	–	–	–	(669)	(669)
Disposals – discontinued operations	–	(1,560)	(7)	–	(315)	(88)	–	(209)	–	–	(2,179)
At 31 March 2015 and 1 April 2015	–	25	163	–	2,113	15	–	47	13	–	2,376
Charge for the financial year	–	662	5	–	432	5	16	100	4	–	1,224
Acquisition through business combinations	–	–	321	38	424	227	567	2,068	378	–	4,023
Disposals	–	–	(148)	–	(24)	–	–	(14)	(4)	–	(190)
At 31 March 2016	–	687	341	38	2,945	247	583	2,201	391	–	7,433
Net book value:											
At 31 March 2016	5,838	20,907	481	222	11,995	138	159	1,332	145	–	41,217
At 31 March 2015	–	9,959	10	–	7,488	3	–	126	4	–	17,590

9. Property, plant and equipment (cont'd)

Details of the Group's freehold land and building as at 31 March are as follow:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
5211 Persiaran Raja Muda Musa, 42000 Port Klang, Selangor Darul Ehsan	179	–
16 Jalan Permatang 10 Taman Desa Jaya, 81100 Johor Bahru, Johor Darul Ta'zim	176	–
#4, Lorong Nagasari 24, Taman Nagasari, 13600 Prai, Butterworth, Penang.	214	–
#6, Lorong Nagasari 24, Taman Nagasari, 13600 Prai, Butterworth, Penang.	224	–
#3, Lorong Nagasari 24, Taman Nagasari, 13600 Prai, Butterworth, Penang.	217	–
#2, Jalan Tiang U8/91 Bukit Jelutong Industrial Park 40150 Shah Alam Selangor Darul Ehsan	4,828	–
	5,838	–

The Group engaged Savills (Malaysia) Sdn Bhd, an independent valuer, with a recognised and relevant professional qualification and with recent experience in the locations and categories of the properties being valued, to determine the fair value of the freehold land and building in connection with the purchase price allocation exercise of the acquisition of Supratechnic Pte Ltd in the current financial year (Note 11(d)(I)). Details of the valuation techniques and inputs used are disclosed in Note 32.

Details of the Group's leasehold properties as at 31 March are as follow:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
11,296.00 square metres industrial complex at Tuas South Street 15, Singapore	9,476	9,959
2,219.00 square metres semi-detached factory at 16A Joo Koon Circle, Singapore	8,000	–
684.00 square metres ramp-up flatted factory unit at 51 Bukit Batok Crescent, #03-26/27, Unity Centre, Singapore	2,000	–
722.00 square metres Jalan Sunter Kemayoran No. 55 Jakarta Utara, DKI Jakarta Indonesia	1,300	–
155.00 square metres 3/9 Jalan Industri Batu 3, Jalan Gambang, 25000 Kuantan, Pahang Darul Makmur, Malaysia	131	–
	20,907	9,959

The Group engaged Dennis Wee Realty Pte Ltd and Savills (Malaysia) Sdn Bhd, independent valuers, with recognised and relevant professional qualifications and with recent experience in the locations and categories of the properties being valued to determine the fair value of the leasehold properties in connection with the purchase price allocation exercise of the acquisition of Supratechnic Pte Ltd in the current financial year (Note 11(d)(I)). Details of the valuation techniques and inputs used are disclosed in Note 32.

At the end of the reporting period, the leasehold properties was mortgaged to secure the Group's bank loans in Note 23.

9. Property, plant and equipment (cont'd)

Assets held under finance lease

The carrying amount of the Group's plant and equipment includes an amount of $1,123,000 (2015: $82,000) that are under finance leases. The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

Property, plant and equipment not in use

At the end of the reporting period, the Group has machines of net carrying amount of $10,165,000 (2015: $5,354,000) which are temporarily not in use as the operations have not commenced. Management has carried out a review of the recoverable amount of these machines, which exceeds the net carrying amount at the balance sheet date. The recoverable amount was determined based on the value-in-use of the machines and pre-tax discount rate used was 10.5%

	Leasehold improvement $'000	Office equipment $'000	Motor vehicle $'000	Computers $'000	Total $'000
Company					
Cost:					
At 1 December 2013	148	11	–	12	171
Additions	1	–	132	3	136
At 31 March 2015 and 1 April 2015	149	11	132	15	307
Additions	–	–	–	1	1
Disposals	(149)	–	–	(4)	(153)
At 31 March 2016	–	11	132	12	155
Accumulated depreciation:					
At 1 December 2013	119	9	–	8	136
Charge for the financial period	29	1	7	2	39
At 31 March 2015 and 1 April 2015	148	10	7	10	175
Charge for the financial year	–	–	13	2	15
Disposals	(148)	–	–	(4)	(152)
At 31 March 2016	–	10	20	8	38
Net book value:					
At 31 March 2016	–	1	112	4	117
At 31 March 2015	1	1	125	5	132

10. Investment properties

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Balance sheet:		
At beginning of financial year/period	–	–
Acquisition through business combinations	35,762	–
At end of the financial year/period	35,762	–
Statement of comprehensive income		
Rental income from investment properties (Note 4)	364	–
Direct operating expenses (including repairs and maintenance) arising from revenue generating properties	85	–

The Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

These investment properties are charged to secure certain bank borrowings of the Group (Note 23).

The Group engaged Dennis Wee Realty Pte Ltd, an independent valuer, with a recognised and relevant professional qualification and with recent experience in the locations and categories of the properties being valued to determine the fair value of the investment properties in connection with the purchase price allocation exercise of the acquisition of Koon Cheng Development Pte Ltd in the current financial year (Note 11(d)(II)). Details of the valuation techniques and inputs used are disclosed in Note 32.

The Directors are of the view that the carrying value of the investment properties approximate their fair values at the end of the reporting period.

The investment properties held by the Group as at 31 March 2016 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
182, 184, 186 Woodlands Industrial Park E5, Singapore 757515	Workshops, offices and workers' dormitory	30 years lease commencing 25 April 2007	21 years
2 bedroom apartment at Southbank Grand 2603, 151 City Road, Southbank Victoria 3006, Australia	Residential	Freehold	N/A
A one bedroom apartment at 25G Garden Tower, Tower 1, Manila, Philippines	Residential	Freehold	N/A
149 Residence Tower Woodberry Grove London N4 2BS	Residential	Leasehold	992 years

11. Investment in subsidiaries

	Company	
	31.3.2016	31.3.2015
	$'000	$'000
At beginning of financial year/period	1,358	5,780
Disposal of subsidiaries	–	(5,780)
Incorporation of subsidiaries	–	1,305
Acquisition of subsidiaries	–	53
At end of the financial year/period	1,358	1,358

(a) ***Details of subsidiaries***

	Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Cost		Proportion of ownership interest	
			2016	2015	2016	2015
			$'000	$'000	%	%
	Held by the Company					
^	USP Properties Pte Ltd (Singapore)	Investment holding and real estate developer (Singapore)	1,044	1,044	100	100
^	USP Industrial Pte Ltd (Singapore)	Investment holding, research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	261	261	100	100
^	Biofuel Research Pte Ltd (Singapore)	Research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	53	53	93.09	93.09
^ (1)	USP Oil Pte Ltd (formerly known as Unionmet International Pte Ltd) (Singapore)	Investment holding (Singapore)	–	@	–	100
			1,358	1,358		

(In Singapore Dollars)

11. Investment in subsidiaries (cont'd)

(a) ***Details of subsidiaries (cont'd)***

	Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2016 %	2015 %
	Held through USP Industrial Pte Ltd			
^	Biofuel Research Pte Ltd (Singapore)	Research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	93.09	93.09
^ (1)	USP Oil Pte Ltd (formerly known as Unionmet International Pte Ltd) (Singapore)	General wholesale trade and manufacture of inedible oils and fats (Singapore)	60	100
#	USPI Investment Pte Ltd (Singapore)	Investment holding (Singapore)	100	–
	Held through USP Oil Pte Ltd (formerly known as Unionmet International Pte Ltd)			
^	Sky-land (Oils & Fats) Pte Ltd (Singapore)	General wholesale trade and tank and general cleaning (Singapore)	60	–
	Held through USPI Investment Pte Ltd			
^	Supratechnic Pte Ltd (Singapore)	Wholesale of industrial machinery and equipment, marine equipment and accessories (Singapore)	100	–
	Held through Supratechnic Pte Ltd			
^	Scientific & Industrial Instrumentation Pte Ltd (Singapore)	Trading in scientific and industrial instruments (Singapore)	51	–
*	Supratechnic (M) Sdn. Bhd. (Malaysia)	Trading in outboard motors and general merchandise (Malaysia)	90	–
*	PT Supratechnic Instrumentasi (Indonesia)	Trading in outboard motors and general merchandise (Indonesia)	100	–
	Held through Supratechnic (M) Sdn Bhd			
*	Semangat Hitech Sdn. Bhd. (Malaysia)	Letting out of properties and general traders (Malaysia)	90	–
*	PT Supratechnic Instrumentasi (Indonesia)	Trading in outboard motors and general merchandise (Indonesia)	100	–

11. Investment in subsidiaries (cont'd)

(a) ***Details of subsidiaries (cont'd)***

	Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2016 %	2015 %
	Held through the USP Properties Pte Ltd			
+	Cluny Home Development Pte Ltd (Singapore)	Real estate developer (Singapore)	90	90
#	USPP Woodlands Pte Ltd (Singapore)	Investment holding (Singapore)	100	–
	Held through USPP Woodlands Pte Ltd			
^	Koon Cheng Development Pte Ltd (Singapore)	Real estate developer (Singapore)	100	–

- * Audited by another firm of certified public accountants
- ^ Audited by Ernst & Young LLP, Singapore
- # Not required to be audited due to the laws of its country of incorporation
- \+ Dormant and qualified for audit exemption under the Act
- @ $1 comprising one ordinary share
- (1) As at 31 March 2015, Unionmet International Pte Ltd was a wholly-owned subsidiary of the Company. During the year ended 31 March 2016, the Company's interest in Unionmet International Pte Ltd was sold at cost to the Company's subsidiary, USP Industrial Pte. Ltd.

(b) ***Interest in subsidiary with material non-controlling interest (NCI)***

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 March 2016:					
Scientific & Industrial Instrumentation Pte Ltd	Singapore	49%	–	1,301	–

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of the subsidiary that has NCI.

11. Investment in subsidiaries (cont'd)

(c) ***Summarised financial information about subsidiary with material NCI***

Summarised financial information and consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

	Scientific & Industrial Instrumentation Pte Ltd	
	31.3.2016	31.3.2015
	$'000	$'000
Summarised balance sheet		
Current		
Assets	1,260	–
Liabilities	(293)	–
Net current assets	967	–
Non-current		
Assets	2,007	–
Liabilities	(319)	–
Net non-current assets	1,688	–
Net assets	2,655	–
Summarised statement of comprehensive income		
Revenue	4,480	–
Profit before income tax	454	–
Income tax expense	62	–
Profit after tax, representing total comprehensive income	392	–
Other summarised information		
Net cash flows from operations	579	–
Acquisition of significant property, plant and equipment	(212)	–

(d) ***Acquisition of subsidiaries***

(I) *Supratechnic Pte Ltd and subsidiaries*

On 11 March 2016 ("the "acquisition date"), the Group's subsidiary, USPI Investment Pte Ltd ("USPII") acquired a 100% equity interest in Supratechnic Pte Ltd and its subsidiaries ("Supra Group"), whose principal activities are those of wholesale of industrial machinery and equipment, marine equipment and accessories.

The Group has acquired Supra Group to gain a foothold in the property business as part of the Group's diversification into the business of property development as the key assets of Supra Group are those of 13 industrial and commercial properties located in Singapore, Malaysia, Indonesia, United Kingdom, Australia and Philippines.

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(l) *Supratechnic Pte Ltd and subsidiaries (cont'd)*

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group's cash flows:

(a) *Identifiable assets acquired and liabilities assumed*

	Fair value recognised on acquisition **$'000**
Property, plant and equipment	19,432
Investment properties	2,262
Intangible assets	1,530
Investment securities	194
Other non-current assets	26
Trade and other receivables and prepayments	3,881
Inventories	8,599
Cash and cash equivalents#	2,816
Total assets	38,740
Trade and other payables	5,317
Loans and borrowings	6,925
Other liabilities	80
Deferred tax liabilities	932
Total liabilities	13,254
Total identifiable net assets at fair value	25,486
Non-controlling interest measured at the non-controlling interest's proportionate share of Supra Group's net identifiable assets	(2,650)
Provisional negative goodwill recognised in Other Income in the consolidated statement of comprehensive income	(8,640)
Consideration transferred for the acquisition of Supra Group	14,196

(b) *Consideration transferred for the acquisition of Supra Group*

	$'000
Cash paid	9,690
Deferred cash settlement	2,650
Equity instruments issued (49,000,000 ordinary shares of the Company)*	1,421
Deferred equity consideration recognised as at acquisition date	435
Total consideration transferred	14,196

included $1,330,000 fixed deposits pledged to the banks

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(I) Supratechnic Pte Ltd and subsidiaries (cont'd)

(b) *Consideration transferred for the acquisition of Supra Group (cont'd)*

Deferred cash settlement

Deferred cash settlement is to be satisfied as follows:

- $1,900,000 on the 1st anniversary from the completion date; and
- $750,000 on the 3rd anniversary from the completion date.

Equity consideration

*To facilitate the delivery of 49,000,000 Consideration Shares to the Vendors in furtherance of the Group's obligations under the share purchase agreement, the Company entered into a share lending agreement with Precious Streams Holdings Limited, a shareholder of the Company, to borrow up to 49,000,000 shares in the capital of the Company.

The Company shall redeliver the Loaned Shares to Precious Stream Holdings Ltd on the re-delivery date, which is the 1st anniversary of the loan date, or such date as agreed by both parties. No fees, interest or commission is payable to Precious Stream for the share lending agreement. Precious Stream Holdings Ltd is an entity wholly owned by Weng Huixin, a director of the Company and a controlling shareholder of the Company.

As at 31 March 2016, the Group has recorded the shares borrowed from the shareholder, which amounted to $1,856,000 in Other Reserves in Equity.

Deferred equity consideration

The Company is required to deliver the 15,000,000 Consideration Shares to the Vendors after the lapse of the warranty period which is the 3rd anniversary of the completion date of the transaction in March 2016.

(c) *Effect on the acquisition of Supra Group on cash flows*

	$'000
Consideration settled in cash	9,690
Deferred consideration in cash	2,650
Less: cash and cash equivalents of subsidiary acquired	(2,816)
Net cash outflow on acquisition	9,524

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(I) Supratechnic Pte Ltd and subsidiaries (cont'd)

(d) *Provisional accounting of the acquisition of Supra Group*

The purchase price allocation of the acquisition of Supra Group in the financial year ended 31 March 2016 are provisional.

The Group has engaged an independent valuer to determine the fair value of the identifiable net assets of Supra Group. At the reporting date, the fair value of the property, plant and equipment and investment properties amounting to $17,269,000 was determined by group of independent valuer for properties located in different countries.

Customer relationships has been identified as intangible assets arising from this acquisition (Note 13). As at 31 March 2016, the value of the customer relationships of $1,530,000 has been determined on a provisional basis as the final results of the independent valuation have not been received by the date the financial statements was authorised for issue.

The provisional negative goodwill arising from the acquisition, the carrying amount of the customer relationships, corresponding deferred tax liabilities and the carrying amount of the net identifiable assets will be adjusted accordingly on a retrospective basis when the valuation of the business as a whole is finalised.

(e) *Transaction costs*

Transaction costs of $18,000 are included in "Legal and Professional Expenses" in the consolidated statement of comprehensive income for the financial year ended 31 March 2016.

(f) *Impact of the acquisition on profit or loss*

From the acquisition date, Supra Group has contributed $2,102,000 of revenue and $113,000 to the Group's profit for the financial year ended 31 March 2016. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been $42,031,000 and the Group's profit from continuing operations, net of tax would have been $2,486,000.

(II) Koon Cheng Development Pte Ltd

On 19 February 2016 ("the "acquisition date"), the Group's subsidiary, USPP Woodlands Pte Ltd ("USPPWL") acquired a 100% equity interest in Koon Cheng Development Pte Ltd ("KCD"), which principal activities are those of a real estate developer.

The Group has acquired KCD to gain a foothold in the property business as part of the Group's diversification into the business of property development.

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(II) *Koon Cheng Development Pte Ltd (cont'd)*

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group's cash flows:

(a) *Identifiable assets acquired and liabilities assumed*

	Fair value recognised on acquisition **$'000**
Property, plant and equipment	35
Investment properties	33,500
Trade and other receivables	71
Cash and cash equivalents	71
Total assets	33,677
Trade and other payables	1,232
Total liabilities	1,232
Total identifiable net assets at fair value	32,445
Provisional negative goodwill recognised in Other Income in the consolidated statement of comprehensive income	(5,438)
Consideration transferred for the acquistion of KCD	27,007

The provisional negative goodwill arose as the valuation of KCD's properties is included in the net assets of the target companies. Hence, in comparison with purchase price and net assets value, it is deemed to be a bargain purchase. In addition, the vendors were very keen to sell their companies quickly for whatever reasons so it is a reason for this bargain price.

(b) *Consideration transferred for the acquisition of KCD*

	$'000
Cash paid	24,000
Equity instruments issued 117,633,576 ordinary shares of the Company)	3,647
Issuance of 13,945,371 treasury shares of the Company	432
Contingent consideration receivable from Vendor (Note 17)	(1,072)
Total consideration transferred	27,007

(c) *Effect on the acquisition of KCD on cash flows*

	$'000
Consideration settled in cash	24,000
Less: cash and cash equivalents of subsidiary acquired	(71)
Net cash outflow on acquisition	23,929

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(II) Koon Cheng Development Pte Ltd (cont'd)

(d) *Provisional accounting of the acquisition of KCD*

The purchase price allocation of the acquisition of KCD in the financial year ended 31 March 2016 are provisional. The Group has engaged an independent valuer to determine the fair value of the identifiable net assets of KCD. At the reporting date, the fair value of the investment properties amounting to $33,500,000 was determined by an independent valuer. Provisional negative goodwill arising from this acquisition and the carrying amount of the net identifiable assets will be adjusted accordingly on a retrospective basis when the valuation of the business as a whole is finalised.

(e) *Transaction costs*

Transaction costs of $300 are included in "Legal and Professional Expenses" in the consolidated statement of comprehensive income for the financial year ended 31 March 2016.

(f) *Impact of the acquisition on profit or loss*

From the acquisition date, KCD has contributed $407,000 of revenue and $198,000 to the Group's profit for the financial year ended 31 March 2016. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been $1,342,000 and the Group's profit from continuing operations, net of tax would have been $1,482,000.

(III) Sky-Land (Oils & Fats) Pte Ltd

On 15 July 2015 ("the "acquisition date"), the Group's subsidiary, USP Oil Pte Ltd ("USPO") acquired a 100% equity interest in Sky-Land (Oils & Fats) Pte Ltd ("SLOF"), which principal activities are those of general wholesale trade and tank and general cleaning.

The Group has acquired SLOF to gain a foothold in the cleaning of oil grease traps as part of the Group's diversification into the business of oil business.

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(III) *Sky-Land (Oils & Fats) Pte Ltd (cont'd)*

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group's cash flows:

(a) *Identifiable assets acquired and liabilities assumed*

	Fair value recognised on acquisition $'000
Property, plant and equipment	141
Trade and other receivables	6
Cash and cash equivalents	1
Total assets	148
Hire purchase creditors	70
Total liabilities	70
Total identifiable net assets at fair value	78
Provisional goodwill on acquisition	22
Consideration transferred for the acquisition of SLOF	100

(b) *Effect on the acquisition of SLOF on cash flows*

	$'000
Consideration settled in cash	50
Deferred consideration in cash	50
Less: cash and cash equivalents of subsidiary acquired	(1)
Net cash outflow on acquisition	99

(c) *Provisional accounting of the acquisition of SLOF*

The purchase price allocation of the acquisition of SLOF in the financial year ended 31 March 2016 are provisional.

(d) *Transaction costs*

Transaction costs incurred for the acquisition of SLOF is not significant to the Group's financial performance for the financial year ended 31 March 2016.

(e) *Impact of the acquisition on profit or loss*

The results of the acquisition of SLOF is not expected to have any material impact to the Group's profit or loss for the financial year ended 31 March 2016.

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(III) Sky-Land (Oils & Fats) Pte Ltd (cont'd)

(f) *Impairment of provisional goodwill on acquisition of SLOF*

During the financial year, the Group recognised a full impairment loss on the provisional goodwill on acquisition of SLOF of $22,000 (2015: $Nil) (Note 13) attributable to the loss-making position of SLOF and management's intention to wind up SLOF business.

(IV) Biofuel Research Pte Ltd

On 24 October 2014 ("the "acquisition date"), the Group's subsidiary, USP Industrial Pte Ltd ("USPI") acquired a 51% equity interest in Biofuel Research Pte Ltd ("Biofuel"), which principal activities are those of research and development, engineering, manufacturing and consultancy for the biofuel industry.

The Group has acquired Biofuel to gain a foothold in the oil blending business as part of the Group's diversification into the business of blending and distribution of diesel and engine oil.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Biofuel's net identifiable assets.

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group's cash flows:

(a) *Identifiable assets acquired and liabilities assumed*

	Fair value recognised on acquisition $'000
Property, plant and equipment	12,033
Trade and other receivables	156
Inventories	45
Cash and cash equivalents	189
Total assets	12,423
Trade and other payables	3,703
Finance lease liabilities	45
Deferred rental	138
Loans and borrowings	2,649
Deferred tax liabilities	899
Total liabilities	7,434
Total identifiable net assets at fair value	4,989
Non-controlling interest measured at the non-controlling interest's proportionate share of Biofuel's net identifiable assets	(2,448)
Goodwill arising from acquisition	459
Cash consideration transferred for the business	3,000

11. Investment in subsidiaries (cont'd)

(d) ***Acquisition of subsidiaries (cont'd)***

(IV) Biofuel Research Pte Ltd

(b) *Effect on the acquisition of Biofuel on cash flows*

	$'000
Consideration settled in cash	3,000
Less: cash and cash equivalents of subsidiary acquired	(189)
Net cash outflow on acquisition	2,811

(c) *Provisional accounting of the acquisition of Biofuel*

The purchase price allocation of the acquisition of Biofuel in the financial period from 1 December 2013 to 31 March 2015 are provisional. The Group has engaged an independent valuer to determine the fair value of the identifiable net assets of Biofuel. At the reporting date, the fair value of the property, plant and equipment amounting to $9,700,000 was determined by an independent valuer. Negative goodwill arising from this acquisition and the carrying amount of the net identifiable assets will be adjusted accordingly on a retrospective basis when the valuation of the business as a whole is finalised.

Following the completion of the final purchase price allocation during the financial year, no adjustments were made to the provisional fair value originally recorded in the prior year.

(d) *Transaction costs*

Transaction costs of $20,000 are included in "General and Administrative Expenses" in the consolidated statement of comprehensive income for the financial period from 1 December 2013 to 31 March 2015.

(e) *Impact of the acquisition on profit or loss*

From the acquisition date, Biofuel has contributed $849,000 of revenue and $59,000 to the Group's profit for the financial period from 1 December 2013 to 31 March 2015. If the business combination had taken place at the beginning of the period, the revenue from continuing operations for the financial period from 1 December 2013 to 31 March 2015 would have been $2,255,000 and the Group's profit from continuing operations for the financial period from 1 December 2013 to 31 March 2015, net of tax would have been $3,284,000.

(f) *Acquisition of additional interests in Biofuel*

In February 2015, the Group subscribed to the rights issue by Biofuel, thereby increasing its effective shareholding of Biofuel to 93.09% as at 31 March 2015. The aggregate cash consideration for subscribing to the rights issue was $652,000. The discount on the deemed acquisition resulted in decrease in premium on purchase of non-controlling interest's shares of $2,413,000.

In the same rights issue exercise, a non-controlling interest subscribed for 3,689,412 right shares of Biofuel at $37,000 which was settled by cash.

12. Investment securities

	Group		Company	
	31.3.2016 $'000	31.3.2015 $'000	31.3.2016 $'000	31.3.2015 $'000
Current:				
Held for trading investments				
- Quoted equity securities	822	8,751	822	8,751
Available-for-sale financial assets				
- Unquoted equity securities	3,655	–	–	–
	4,477	8,751	822	8,751
Non-current:				
Available-for-sale financial assets				
- Unquoted equity securities, at cost	194	–	–	–

Held for trading equity securities

	Group and Company	
	31.3.2016 $'000	31.3.2015 $'000
Quoted equity shares, at cost	3,243	2,809
Fair value adjustment	(2,421)	5,942
At market value	822	8,751
Analysis of movement in fair value adjustment for marketable securities:		
Balance at beginning of year/period	5,942	–
Fair value adjustment for the year/period (Note 5)	(8,363)	5,942
Balance at end of year/period	(2,421)	5,942

Available-for-sale unquoted equity securities (current)

These represents the Group's investment in 49% of the issued and paid up capital of a Singapore private company, SG Support Services Pte Ltd ("SGSS"). The investment has been classified as an available-for-sale investment as management has determined that the Group is unable to demonstrate its ability to exercise significant influence over the investee despite the 49% interests.

	Group	
	31.3.2016 $'000	31.3.2015 $'000
Available-for-sale unquoted equity securities, at cost	5,155	–
Provision for impairment	(1,500)	–
	3,655	–
Movement in provision for impairment:		
Balance at beginning of year/period	–	–
Impairment loss for the year/period (Note 5)	(1,500)	–
Balance at end of year/period	(1,500)	–

12. Investment securities (cont'd)

Available-for-sale unquoted equity securities (current) (cont'd)

During the financial year, the Group recognised a provision of $1,500,000 (2015: $Nil) pertaining to unquoted equity shares carried at cost, reflecting the write-down in the carrying value of this equity investment in the Singapore private company.

During the financial year, there are on-going discussions between the Group and the majority shareholder of SGSS, whereby the majority shareholder may acquire the Group's 49% interest in SGSS. Notwithstanding, the Group has engaged legal advisors to explore actions for the recovery of its investment in SGSS.

The carrying value of the investment in SGSS at the end of the reporting period of $3,655,000 reflects the cost of investment of 4,250,000 shares of the Company issued to the previous owners of SGSS as part consideration for the acquisition of SGSS. The Directors have assessed that no further impairment is required on the cost of investment in SGSS.

The investment in SGSS has been classified as a current investment due to management's intention to exit its position within the next 12 months from the reporting date.

Available-for-sale unquoted equity securities (non-current)

These represents the Group's investment in 19.8% of the issued and paid up capital of a Singapore private company, MSV Systems & Services Pte Ltd ("MSV"). The Group has entered into a litigation with the majority shareholder of MSV for certain reliefs from minority oppression (Note 29(c)(ii)).

13. Intangible assets

	Customer relationships $'000	Goodwill $'000	Club membership $'000	Total $'000
Group				
Cost:				
Balance at 1 April 2014, 31 March 2015 and 1 April 2015	–	–	–	–
Acquisition through business combinations	1,530	481	7	2,018
Balance at 31 March 2016	1,530	481	7	2,018
Accumulated amortisation and impairment:				
Balance at 1 April 2014, 31 March 2015 and 1 April 2015	–	–	–	–
Impairment loss	–	22	–	22
Balance at 31 March 2016	–	22	–	22
Net carrying amount:				
At 31 March 2015	–	–	–	–
At 31 March 2016	1,530	459	7	1,996

14. Development property

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Land at cost	3,080	3,080
Interest expense capitalised	86	20
Other development expenditure	94	94
	3,260	3,194
Provision for diminution in value	(180)	–
	3,080	3,194

During the financial year, borrowing costs of $66,000 (31 March 2015: $20,000) arising from borrowings obtained specifically for the development property were capitalised as cost of "land for development". The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.65% (2015: 2.18%), which is the effective interest rate of the specific borrowing.

The freehold land under development property has been pledged as security for a bank loan (Note 23).

Provision for diminution in value is determined based on recent valuations performed by independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued.

Details of the development property of the Group as at 31 March 2016 are as follow:

Description and location	% owned	Site area (square metres)	Gross floor area (square feet)	Stage of completion as at date of annual report (expected year of completion)
A two and half (2.5) storey semi-detached house development at 71 Blandford Drive, Singapore	100%	2,600	3,800	0% (2017)

15. Inventories

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Balance sheet:		
Finished goods	8,955	20
Total inventories at lower of cost and net realisable value	8,955	20
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	3,992	224
Reversal of write-down of inventories, net	–	(3)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

16. Trade receivables

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Trade receivables	4,090	669

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies are as follows:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Japanese Yen	307	–
United States Dollars	118	181
Others	8	–

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $2,145,000 (2015: $491,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Trade receivables past due but not impaired:		
Less than 30 days	1,062	481
30 – 60 days	239	10
61 – 90 days	844	–
	2,145	491

Trade receivables that are impaired

The Group does not have trade receivables that are impaired at the end of the reporting period (2015: Nil).

17. Other receivables

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
Deposits	1,733	68	1,421	52
Other receivables	1,442	83	11	3
Advances to suppliers	4,420	8,809	–	–
Amounts due from subsidiaries	–	–	36,383	22,933
Tax refundable	29	–	–	–
Less: Allowance for doubtful receivables	(59)	(31)	–	–
	7,565	8,929	37,815	22,988
Comprising:				
Financial assets	3,116	120	37,815	22,988
Non-financial assets	4,449	8,809	–	–
	7,565	8,929	37,815	22,988

Other receivables that are impaired

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Other receivables – nominal amount	59	31
Allowance for impairment	(59)	(31)
	–	–
Movement in allowance accounts:		
At beginning of financial year/period	31	65
Disposal – discontinued operation	–	(65)
Allowance for doubtful receivables	39	31
Written off	(11)	–
At end of financial year/period	59	31

Other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables written-off

In the previous financial year, the Group and Company wrote-off an amount due from a previous subsidiary of the Company of $229,000 (Note 5).

Advances to suppliers

As at 31 March 2016, included in advances to suppliers of $3,869,000 (2015: $8,809,000) pertain to non-refundable deposits paid to suppliers for 1 (2015: 2) emulsified oil treatment plant for the oil business.

17. Other receivables (cont'd)

Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. Included in amount due from subsidiaries is an amount of $14,810,000 (2015: $14,315,000) which is denominated in United States dollar.

Contingent consideration receivable from vendor

Included in other receivables is an amount of $1,072,000 receivable from an external party in relation to the acquisition of Koon Cheng Development Pte Ltd during the financial year (Note 11(d)(II)(b)).

18. Cash and cash equivalents

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
Cash at bank	4,645	11,251	2,559	6,900
Cash in hand	39	1	1	–
Short-term deposits	1,638	4,983	308	4,983
Cash and bank balances	6,322	16,235	2,868	11,883

Cash at bank earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The interests earned range from 1.15% to 3.30% (2015: 0.42% to 0.72%) per annum.

At the end of the reporting period, restricted cash represented fixed deposits pledged to secure certain bank facilities amounted to $1,330,000 (2015: $Nil) (Note 23).

Cash and cash equivalents denominated in foreign currencies are as follows:

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
United States Dollars	2,229	5,200	2,126	4,992
Japanese Yen	264	–	–	–
Others	32	–	–	–

For purpose of consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Cash at bank and in hand and short term-term deposits	6,322	16,235
Less: bank overdrafts (Note 23)	(780)	–
Less: restricted cash – pledged fixed deposits (Note 23)	(1,330)	–
Cash and cash equivalents	4,212	16,235

19. Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

Trade payables denominated in foreign currencies are as follows:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Japanese Yen	2,832	–
United States Dollars	61	–
Euro	21	61
Others	39	–

20. Other payables and accruals

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities				
Accrued liabilities	751	235	124	112
Deferred consideration in relation to acquisition of subsidiaries (Note 11(d)(I)(b))	1,900	–	–	–
Sundry creditors	1,819	1,461	136	4
Rental deposits received	480	–	–	–
Customer deposits	585	–	–	–
	5,535	1,696	260	116
Non-financial liabilities				
Deferred lease income	29	–	–	–
	5,564	1,696	260	116
Non-current portion:				
Financial liabilities				
Rental deposits received	295	–	–	–
Deferred consideration in relation to acquisition of subsidiaries (Note 11(d)(I)(b))	750	–	–	–
	1,045	–	–	–

Included in sundry creditors is an amount of $1,367,000 relating to a claim by a former director of a subsidiary (Note 37). These amounts are non-trade related and non-interest bearing.

21. Deferred rent payable

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
At beginning of the financial year/period	283	–
Acquisition of subsidiary	–	139
Recognised during the year/period	79	144
At end of the financial year/period	362	283

22. Finance lease liabilities

The Group enters into a finance lease for certain plant and equipment for a lease term up to 3 years (2015: 3 years). The average discount rate implicit in the lease obligation is 5.33% (2015: 5.68%) per annum. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Total minimum lease payments 31.3.2016 $'000	Present value of payments 31.3.2016 $'000	Total minimum lease payments 31.3.2015 $'000	Present value of payments 31.3.2015 $'000
Group				
Within one year	282	250	34	31
Later than one year but not later than five years	589	527	–	–
Total minimum lease payments	871	777	34	31
Less: Amounts representing finance charges	(94)	–	(3)	–
Present value of minimum lease payments	777	777	31	31

23. Loans and borrowings

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
Current:				
Loan from a third party	800	–	800	–
Loan from a director	400	–	400	–
Loan from a subsidiary	–	–	250	–
Bank overdrafts	780	–	–	–
Bills payables	2,013	–	–	–
Term loans:				
- Loan I	2,320	–	–	–
- Loan II	–	2,649	–	–
- Loan III	797	–	–	–
- Loan IV	1,494	–	–	–
- Loan V	1,100	–	–	–
- Loan VI	39	–	–	–
- Loan VII	104	–	–	–
- Loan VIII	28	–	–	–
- Loan IX	124	–	–	–
	9,999	2,649	1,450	–
Non-current:				
Term loans:				
- Loan I	–	2,464	–	–
- Loan III	3,209	–	–	–
- Loan IV	22,412	–	–	–
- Loan V	4,400	–	–	–
- Loan VI	240	–	–	–
- Loan VII	487	–	–	–
- Loan VIII	382	–	–	–
- Loan IX	2,084	–	–	–
	33,214	2,464	–	–
Total loans and borrowings	43,213	5,113	1,450	–

Loan from a third party

Loan from a third party is unsecured, bears interest at 10% per annum and was repaid in August 2016.

Loan from a director

Loan from a director is unsecured, non-interest bearing and was repaid in May 2016.

23. Loans and borrowings (cont'd)

Bank overdrafts

Bank overdrafts bear interest rates at 0.5% per annum above the prevailing prime lending rate of various banks.

Bills payables

Bills payables are secured by:

- certain subsidiaries' leasehold properties;
- joint and several personal guarantees of the directors of the subsidiaries;
- negative pledge and the legal mortgage of the subsidiaries' freehold and leasehold properties;
- corporate guarantee provided by subsidiaries;
- pledge of subsidiaries' fixed deposits (Note 18);
- deed of assignment of rental proceeds from subsidiary; and
- personal guarantee from a third party.

Bills payables bear interest rates ranging from 1.55% to 7.85% per annum for the Group and mature approximately within 1 to 3 months from the end of the reporting period.

Bills payables are denominated in the following foreign currencies:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Japanese Yen	1,919	–
United States Dollar	94	–

Term loans

Loan I is secured by mortgage over the development property (Note 12) and corporate guarantee by the Company. The loan was repayable in April 2016, and subsequent to year-end, repayment date was extended to June 2017. The loan bears interest of 1.65% per annum over the Bank's Cost of Funds or 1.65% per annum over the applicable SWAP Offer Rate as determined by the bank whichever is the higher; or at such other rate at the sole discretion of the bank for an interest period of 3 months. Effective interest rate was 2.55% (2015: 2.18%). The loan is denominated in Singapore dollar.

Loan II was secured by a first legal charge over a leasehold building (Note 9) and bears interest rate at 3% plus SIBOR rate, subject to a minimum of 4% per annum for 18 months from the date of first drawdown in March 2013. Thereafter, subject to no breach of any of the terms of the loan, the outstanding principal (without interest) due under the loan shall be converted to a 8-year loan. During the period, the Group informed the bank of the full repayment of the loan with immediate effect. The loan was fully repaid in May 2015. The loan was denominated in Singapore dollar.

23. Loans and borrowings (cont'd)

Term loans (cont'd)

Loan III is secured by mortgage over the leasehold property (Note 9) and corporate guarantee by the Company. The 5-year term-loan is repayable over 60 monthly instalments (comprising principal and interest) with final repayment due on August 2021. The loan bears interest of 1.65% per annum over the applicable 3-month SWAP Offer Rate ("SOR") or 1.65% per annum over the prevailing 3-month Cost of Funds ("COF"), whichever is the higher for the 1st year and 1.65% per annum over the applicable 3-month SOR or 1.65% per annum over the prevailing 3-month COF, whichever is the higher for the 2nd year. Interest applicable in the 3rd year and thereafter is 0.75% per annum over the bank's commercial financing rate of 5.10% per annum, which is subject to revision at the bank's absolute discretion at any time and from time to time without prior notice. The effective interest rate was 4.20%. The loan is denominated in Singapore dollar.

Loan IV is secured by mortgage over certain investment properties (Note 10), legal assignment of rental proceeds or charge over rental account to be executed of all current and future rental income from the investment property, personal guarantee by a director of the Company, corporate guarantee by the Company, first fixed charge over 100% shares in the share capital of Koon Cheng Development Pte Ltd and fixed and floating charge over Koon Cheng Development Pte Ltd's present and future undertakings, property assets, revenues and rights and a charge over the debt servicing reserve account maintained with the bank with balance of not less than $250,000. The 16-year term-loan is repayable over 192 monthly instalments (comprising principal and interest) with final repayment in 2032. The loan bears interest at 2.00% per annum over the applicable 3-month SOR or 2.00% per annum over the prevailing 3-month COF, whichever is the higher, or at such other rates as the bank may stipulate from time to time at its absolute discretion. The effective interest rate was 2.84%. The loan is denominated in Singapore dollar.

Loan V is secured by mortgage over certain leasehold property (Note 9), personal guarantee by a director of the Company, corporate guarantee by the Company, first fixed charge over 100% shares in the share capital of Supratechnic Pte Ltd and USPI Investment Pte Ltd, and a fixed and floating charge over Supratechnic Pte Ltd's present and future undertakings, property assets, revenues and rights. The 5-year term-loan is repayable over 60 monthly instalments (comprising principal and interest) with final repayment in 2021. The loan bears interest at 2.00% per annum over the applicable 3-month SOR or 2.00% per annum over the prevailing 3-month COF, whichever is the higher, or at such other rates as the bank may stipulate from time to time at its absolute discretion. The effective interest rate was 2.84%. The loan is denominated in Singapore dollar.

Loan VI is secured by mortgage over certain leasehold property (Note 9), personal guarantee by a director of the subsidiary and corporate guarantee by Supratechnic Pte Ltd. The 20-year term-loan is repayable over monthly instalments (comprising principal and interest) with final repayment in 2023. The loan bears interest ranging from 2.38% to 5.85% per annum calculated on a monthly rest basis. The effective interest rate was 4.16%. The loan is denominated in Singapore dollar.

Loan VII was secured by a first legal charge over a leasehold building of the subsidiary (Note 9) and bears interest rate at 13.5% per annum. The loan is repayable by monthly instalments with final repayment in June 2020. The effective interest rate was 13.71%. The loan was denominated in Indonesian Rupiah.

Loan VIII was secured by a first legal charge over a property of the subsidiary (Note 9), deed of assignment of rental proceeds and corporate guarantee from Supratechnic (M) Sdn Bhd. The loan bears interest rate at 1.25% per annum above the bank's prevailing base lending rate and is repayable by monthly instalments over 15 years with final repayment in Jan 2028. The effective interest rate was 4.80%. The loan was denominated in British Pound.

Loan IX was secured by certain properties of the subsidiaries and a third party, fixed deposits of the subsidiary (Note 18) and corporate guarantee by Supratechnic Pte Ltd. The loan bears interest rates ranging from 1.00% to 1.25% per annum above the bank's prevailing base lending rate and is repayable by monthly instalments over 15 years with final repayment in 2014. The effective interest rate was 4.73%. The loan was denominated in Malaysian Ringgit.

23. Loans and borrowings (cont'd)

Undrawn available credit facilities

At the end of the reporting period, the Group has undrawn available credit facilities with certain banks of $2,250,000 (2015: $Nil).

Loan from a subsidiary

Loan from a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

24. Deferred tax

Deferred tax relates to the following:

	Group			
	Consolidated balance sheet		Consolidated statement of comprehensive income	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	(145)	–	65	–
Fair value adjustment on acquisition of subsidiaries	(1,831)	–	–	–
	(1,976)	–	65	–
Deferred assets				
Others	19	–	–	–

Movement of net deferred tax liabilities:

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
At beginning of the financial year/period	–	1,114
Origination or reversal during the financial year/period	(65)	39
Acquisition of subsidiaries	(1,892)	–
Translation adjustment	–	(20)
Disposal – discontinued operations (Note 25)	–	(1,133)
At end of the financial year/period	(1,957)	–

25. Discontinued operations

(a) In March 2014, the Group entered into a sale agreement with an external party to dispose its entire interest in its wholly-owned subsidiary, Guangxi Intai Technology Co., Ltd ("Intai") and Unionmet Holdings Limited ("UHL") for a consideration of $5,708,000. The disposal consideration was fully settled in cash. The disposal was deemed completed on 1 March 2014, on which date control of Intai and UHL passed to the acquirer.

(b) In January 2015, the Group entered into another sale agreement with the same external party to dispose its entire interest in its wholly-owned subsidiary, Liuzhou Union Zinc Industry Co., Ltd ("Union Zinc") for a consideration of $4,500,000. The disposal consideration was fully settled in cash. The disposal was deemed completed on 30 November 2014, on which date control of Union Zinc passed to the acquirer.

The results of Intai, UHL and Union Zinc have been reclassified as discontinued operations and comparatives have been restated.

The effects of the disposals as at 31 March 2015 were:

Income statement disclosure

	Group 31.3.2015 $'000
Revenue	12,812
Expenses	(13,463)
Loss from operations	(651)
Taxation	(92)
Loss from discontinued operation, net of tax	(743)
Loss on sale of discontinued operations	(694)
Loss from discontinued operation, net of tax	(1,437)
Cash flow statement disclosure	
Net cash from operating activities	3,188
Net cash used in investing activities	(1,636)
Net cash from financing activities	1,441
Net cash inflow	2,993

25. Discontinued operations (cont'd)

The value of assets and liabilities of Intai, UHL and Union Zinc recorded in the consolidated financial statements at the dates of their disposals, and the effects of the disposal were:

	31.3.2015 $'000
Assets	
Property, plant and equipment	1,821
Land use rights	1,022
Trade and other receivables	5,264
Inventories	2,237
Cash and short term deposits	12,053
Total assets	22,397
Liabilities	
Deferred tax liabilities	(1,133)
Trade and other payables	(3,786)
Short term loan	(1,446)
Income tax payable	(73)
Total liabilities	(6,438)
Net assets	15,959
Cash consideration	10,208
Cash and cash equivalents of the subsidiaries	(12,053)
Net cash outflow on disposal of subsidiaries	(1,845)
Cash received	10,208
Net assets derecognised	(15,959)
Cumulated exchange difference in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	5,057
Loss on disposal of subsidiaries	(694)

26. Share capital

	Group and Company			
	31.3.2016		31.3.2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
Balance at beginning of the year/period	670,120	46,328	613,554	42,713
Issuance of shares on rights issue	–	–	56,566	3,615
Issuance of shares on acquisition of subsidiary	117,634	3,647	–	–
Balance at end of the year/period	787,754	49,975	670,120	46,328

26. Share capital (cont'd)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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

27. Treasury shares

	Group and Company			
	31.3.2016		31.3.2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Balance at beginning of the year/period	16,939	1,021	–	–
Acquired during the financial year/period	40,570	3,495	16,939	1,021
Vesting of employee performance share plan	(1,064)	(50)	–	–
Reissuance of shares on acquisition of subsidiary	(13,945)	(1,129)	–	–
Investment in unquoted securities	(42,500)	(3,337)	–	–
Balance at end of the year/period	–	–	16,939	1,021

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 40,570,000 (2015: 16,939,000) shares in the Company through purchases on the Singapore Exchange during the financial year. Consideration paid to purchase the shares amounted to $3,495,000 (2015: $1,021,000) which was presented as a component within equity in the financial statements.

28. Other reserves

(a) *Foreign currency translation reserve*

Foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) *Statutory reserve*

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC), the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders. The statutory reserve was transferred to retained earnings on disposal of the subsidiaries during the previous financial year.

(c) *Share based payment reserve*

The share based payment reserve represents the equity-settled shares granted to employees (Note 30). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares.

28. Other reserves (cont'd)

(d) Gain or loss on reissuance of treasury shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(e) Others – equity consideration

This represent the equity consideration paid/payable to the Vendors in relation to the acquisition of Supratechnic Pte Ltd (Note 11(d)(I)(b)).

29. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into commercial leases on plant, machineries, office premises and land and these leases have terms ranging from 2 to 27 years (2015: 3 to 18 years). There are no restrictions placed upon the Group by entering into these leases. These non-cancellable leases have varying terms, escalation clauses and renewal rights.

Future minimum rental payable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	31.3.2016	**31.3.2015**
	$'000	**$'000**
Not later than one year	881	568
Later than one year but not later than five years	2,552	2,095
Later than five years	6,571	5,060
	10,004	7,723

Minimum lease payments recognised as an expense in profit or loss on the continuing operations for the financial year ended 31 March 2016 amounted to $557,000 (2015: $450,000).

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property. These non-cancellable leases have average lease terms of 2 years (2015: Nil) and escalation clause to enable upward revision of the rental charge rate on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	31.3.2016	**31.3.2015**
	$'000	**$'000**
Not later than one year	2,806	–
Later than one year but not later than five years	657	–
	3,463	–

29. Commitments (cont'd)

(c) Contingent liabilities

(i) Litigations with SG Support Services Pte Ltd

In May 2015, the Group, via USP Industrial Pte Ltd ("USPI"), a subsidiary of the Company, completed the acquisition of 49% interest in the issued and paid up capital of SG Support Services Pte Ltd ("SGSS").

Subsequent to the financial year, SGSS commenced a lawsuit in the High Court of Singapore in or around July 2016 against USPI pursuant to a claim for the sum of $485,000 which SGSS had paid to USPI under a Contract of Agreement between the parties and USPI had allegedly failed, refused and/or neglected to perform. At the date of this report, USPI has filed its defence and counter claim against SGSS. The legal proceedings are still on-going.

(ii) Litigation with MSV Systems & Services Pte Ltd

During the financial year, Scientific & Industrial Instrumentation Pte Ltd ("SII"), a subsidiary of Supratechnic Pte Ltd, and Mr Lim Joo Nam ("Lim") commenced civil action against Mr Tan Teck Huat ("Tan"), Mr Sandro Matteucci ("Sandro") and MSV Systems & Services Pte Ltd ("MSV") for certain reliefs from minority oppression.

Both Lim and SII are minority shareholders of MSV and collectively hold 40% of the shares of MSV whereas Tan and Sandro are the majority shareholders and collectively hold 60% of the shares of MSV.

Lim and SII alleged that Tan has displayed a persistent course of conduct of causing MSV to enter into transactions in furtherance of his own personal interest and the interests of other parties not related to Supratechnic, to the detriment of the interest of the minority shareholders. SII and Lim, being minority shareholders do not currently have any representatives on MSV's board of directors and do not have any means to take control of MSV to prevent and/or rectify the wrongful conduct by Tan.

Lim and SII are seeking the Court to make the following orders:

(a) Defendants make a reasonable offer to buy the shares of SII and Lim; and

(b) In the alternative, that MSV be wound up on grounds that there is an irretrievable breakdown in the relationship among shareholders.

Tan has in turn filed a counterclaim against SII and Lim for conspiracy and is seeking damages. No provision has been made at the reporting date as the Directors have assessed that there are no damages to be incurred by SII for the litigation. At the date of this report, the legal proceedings are still on-going.

30. Employee benefit expenses

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Salaries, bonus and allowances	1,686	1,342
Contribution to defined contribution plans	151	90
Employee performance share plan	71	–
Others	235	–
	2,143	1,432

31. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Company and related parties took place during the financial year/period at terms agreed between the parties:

	Company	
	31.3.2016 $'000	31.3.2015 $'000
Management fee charged to subsidiary	600	–
Interest income received from subsidiary	114	–

Compensation of key management personnel

	Group	
	31.3.2016 $'000	31.3.2015 $'000
Salaries and bonus	509	865
Directors' fees	150	166
Defined contribution plans	33	57
Other short term benefits	21	13
	713	1,101
Comprise amounts paid to:		
Directors of the Company	608	908
Other key management personnel	105	193
	713	1,101

32. Fair value of financial instruments

(a) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There was no transfer from Level 1 and Level 2 to Level 3 during the financial year/period ended 31 March 2016 and 31 March 2015.

32. Fair value of financial instruments (cont'd)

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant un-observable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
31.3.2016				
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading investments				
Investment securities (Note 12)	822	–	–	822
Total financial assets	822	–	–	822
Non-recurring fair value measurements				
Assets				
Non-financial assets:				
Property, plant and equipment				
- Leasehold properties (Note 11(d)(I))	–	–	11,431	11,431
- Freehold properties (Note 11(d)(I))	–	–	5,838	5,838
Investment properties (Note 11(d)(II))	–	–	35,762	35,762
Total non-financial assets	–	–	53,031	53,031
31.3.2015				
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading investments				
Investment securities (Note 12)	8,751	–	–	8,751
Total financial assets	8,751	–	–	8,751
Non-recurring fair value measurements				
Assets				
Non-financial assets:				
Leasehold building (Note 11(d)(IV))	–	–	9,700	9,700
Total non-financial assets	–	–	9,700	9,700

32. Fair value of financial instruments (cont'd)

(c) ***Level 3 fair value measurements***

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value $'000	Valuation techniques	Unobservable inputs	Range
At 31 March 2016				
Leasehold properties	11,431	Direct comparison method	Yield adjustments based on management's assumption[1]	10% to 24%
Freehold land and building	5,838	Direct comparison method	Yield adjustments based on management's assumption[1]	1% to 40%
Investment properties	33,500	Direct comparison method	Yield adjustments based on management's assumption[1]	7% to 26%
At 31 March 2015				
Leasehold building	9,700	Direct comparison method	Yield adjustments based on management's assumption[1]	5% to 10%

[1] Any significant isolated increase/(decrease) in these inputs would result in a significantly lower/(higher) fair value measurement.

(ii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance to perform the valuation. For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

32. Fair value of financial instruments (cont'd)

(c) ***Level 3 fair value measurements (cont'd)***

(ii) *Valuation policies and procedures (cont'd)*

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation is such information are reasonably available. For valuation that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) ***Fair value of financial instruments whose carrying amounts approximate their fair values***

Management has determined that the carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, finance lease liabilities and loans and borrowings reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently to market interest rates.

(e) ***Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

Investment in equity securities carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in investee companies (Note 12) that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

33. Classification of financial instruments

	Note	Group		Company	
		31.3.2016 $'000	31.3.2015 $'000	31.3.2016 $'000	31.3.2015 $'000
Loans and receivables					
Trade receivables	16	4,090	699	–	–
Other receivables	17	3,116	120	37,815	22,988
Cash and cash equivalents	18	4,212	16,235	2,868	11,883
		11,418	17,054	40,683	34,871
Available-for-sale financial assets					
Investment securities	12	3,849	–	–	–
Financial assets at fair value through profit or loss					
Investment securities	12	822	8,751	822	8,751
Liabilities at amortised cost					
Trade payables	19	3,319	367	–	–
Other payables	20	6,580	1,696	260	116
Finance lease liabilities	22	777	31	–	–
Loans and borrowings	23	43,213	5,113	1,450	–
		53,889	7,207	1,710	116

34. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, accruals and loans and borrowings which arise directly from its operations. The Group may enter into derivative transactions, including commodity futures contracts. The purpose is to manage the price risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The Board reviews and agrees policies for managing risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rates risk arises primarily from their floating rates cash and short-term deposits and loans and borrowings. The Group manages its interest rate risks on its interest income by placing cash balances with reputable banks and financial institutions. The Group's policy is to obtain the most favourable interest rate arrangement available.

34. Financial risk management objectives and policies (cont'd)

(a) ***Interest rate risk (cont'd)***

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group		Company	
	31.3.2016 $'000	31.3.2015 $'000	31.3.2016 $'000	31.3.2015 $'000
Floating rates:				
Short-term deposits	1,638	4,983	308	4,983
Bank term loans	39,220	5,113	–	–

Interest on financial instruments subject to floating interest rates is repriced regularly at intervals of less than a year (2015: less than a year) from the end of the reporting period. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subjected to interest rate risks.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

Sensitivity analysis for interest rate risk was performed on the interest bearing cash and short-term deposits and loans and borrowings. At the end of the reporting period, if interest rates had been 25 (2015: 25) basis points and 25 (2015: 25) basis points lower/higher, respectively, with all other variables held constant, the effects are summarised in the table below:

	Increase/ decrease in basis points	Effect on profit net of tax $'000	Effect on equity $'000
31.3.2016			
- SGD	+25	(71)	(71)
- SGD	- 25	71	71
31.3.2015			
- SGD	+25	(10)	(10)
- USD	+25	10	10
- SGD	- 25	10	10
- USD	- 25	(10)	(10)

34. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD), Japanese Yen (JPY) and Malaysian Ringgit (MYR).

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

It is the Group's policy not to enter into derivative forward foreign exchange contracts for speculative purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD exchange rates against USD, JPY and MYR, with all other variables held constant.

		Profit net of tax	
		31.3.2016	31.3.2015
		$'000	$'000
Group			
USD	- strengthened 2% (2015: 3%)	+36	+133
	- weakened 2% (2015: 3%)	-36	- 133
JPY	- strengthened 9% (2015: Nil%)	-309	–
	- weakened 9 % (2015: Nil%)	+309	–

(c) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Finance.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment security and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 16 and 17 (trade and other receivables).

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

34. Financial risk management objectives and policies (cont'd)

(d) ***Price risk***

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the date of this report, the market price of the quoted shares had fallen by approximately 28%. If the marketable securities were recorded at the current market price at the end of the reporting period, the Group's fair value loss on quoted shares and net profit for the year would have been approximately \$8,582,000 and \$121,000 (2015: \$864,000 and net loss of \$4,297,000) respectively, arising from a fair value loss on investment in equity instruments classified as fair value through profit and loss.

(e) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through funds generated from operations, external bank loan and proceeds received during the Initial Public Offering and the Rights Issue Exercise.

The Group's financial liabilities based on contractual undiscounted payments mature within one year and represent trade and other payables, finance lease liabilities and loans and borrowings as at 31 March 2016 and 31 March 2015.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Group				
31.3.2016				
Financial assets				
Trade receivables	4,090	–	–	4,090
Other receivables	3,116	–	–	3,116
Cash and cash equivalents	4,212	–	–	4,212
Total undiscounted financial assets	11,418	–	–	11,418
Financial liabilities				
Trade payables	3,319	–	–	3,319
Other payables	5,535	1,045	–	6,580
Finance lease liabilities	282	589	–	871
Loans and borrowings	10,854	17,821	20,902	49,577
Total undiscounted financial liabilities	19,990	19,455	20,902	60,347
Total net undiscounted financial liabilities	(8,572)	(19,455)	(20,902)	(48,929)

34. Financial risk management objectives and policies (cont'd)

(e) ***Liquidity risk (cont'd)***

	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
31.3.2015			
Financial assets			
Trade receivables	699	–	699
Other receivables	120	–	120
Cash and cash equivalents	16,235	–	16,235
Total undiscounted financial assets	17,054	–	17,054
Financial liabilities			
Trade payables	367	–	367
Other payables	1,696	–	1,696
Finance lease liabilities	34	–	34
Loans and borrowings	2,755	2,519	5,274
Total undiscounted financial liabilities	4,852	2,519	7,371
Total net undiscounted financial liabilities	12,202	(2,519)	9,683

	1 year or less	
	31.3.2016 $'000	31.3.2015 $'000
Company		
Financial assets		
Other receivables	37,815	22,988
Cash and cash equivalents	2,868	11,883
Total undiscounted financial assets	40,683	34,871
Financial liabilities		
Other payables	260	116
Loans and borrowings	1,450	–
Total undiscounted financial liabilities	1,710	116
Total net undiscounted financial assets	38,973	34,755

35. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2016 and financial period from 1 December 2013 to 31 March 2015.

35. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to minimise the gearing ratio. The net debt/cash includes trade and other payables, finance lease liabilities and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the abovementioned restricted statutory reserve fund.

The Group does not have any external imposed capital requirements during the financial year ended 31 March 2016 and financial period from 1 December 2013 to 31 March 2015.

	Group	
	31.3.2016	31.3.2015
	$'000	$'000
Trade and other payables	9,928	2,063
Finance lease liabilities	777	31
Loans and borrowings	42,433	5,113
Less: Cash and cash equivalents (Note 18)	(4,212)	(16,235)
Net debt/(cash)	48,926	(9,028)
Equity attributable to the owners of the Company	54,255	47,487
Capital and net debt	103,181	38,459
Gearing ratio	47%	N.M

N.M. Denotes – not meaningful

36. Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The four main business activities are as follows:

Post-diversification of business

(a) Oil trading – research and development, engineering, manufacturing and consultancy for the biofuel industry;

(b) Property – property developer and property investment;

(c) Marine trading – trading of marine equipment and related products; and

(d) Others – investment holding.

Pre-diversification of business (classified as "discontinued operations")

(i) Indium ingots (discontinued operation) – manufacturing and trading of indium ingots;

(ii) Zinc and related products (discontinued operation) – manufacturing and trading of zinc and related products; and

(iii) Ore concentrates (discontinued operation) – trading of ore concentrates.

36. Segment information (cont'd)

Except as above, no operating segments have been aggregated to form the above reportable operating segments.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise jointly used assets and liabilities.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to their parties at current market prices.

Geographical information

The Group's geographical information are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue and results information regarding the Group's reportable operating segments for the financial year/period ended 31 March 2016 and 31 March 2015.

	Oil trading $'000	Property $'000	Marine trading $'000	Others $'000	Adjustments $'000	Total $'000
31.3.2016						
Segment revenue						
- Sales to external customers	4,979	407	2,102	41	(710)	6,819
Interest income	–	–	3	14	–	17
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)
Provisional negative goodwill arising from acquisition of subsidiaries	–	–	–	–	14,078	14,078
Depreciation of property, plant and equipment	(1,136)	(16)	(56)	(16)	–	(1,224)
Segment profit/(loss) before tax	(2,239)	90	158	(11,603)	14,155	561
Assets:						
Segment assets	13,403	36,805	38,740	25,000	–	113,948
Liabilities:						
Segment liabilities	(7,274)	(3,731)	(12,519)	(33,524)	–	(57,048)
Other segment information:						
Capital expenditure on property, plant and equipment and development property	5,242	–	–	–	–	5,242

36. Segment information (cont'd)

	Oil trading $'000	Property $'000	Others $'000	Discontinued operations: Indium ingots $'000	Discontinued operations: Zinc and related products $'000	Discontinued operations: Ore concentrates products $'000	Discontinued operations: Other products $'000	Adjustments $'000	Total $'000
31.3.2015									
Segment revenue									
- Sales to external customers	1,311	–	–	4,655	2,296	–	5,860	(12,811)	1,311
Interest income	–	–	90	–	–	–	–	–	90
Fair value gain on quoted securities	–	–	5,942	–	–	–	–	–	5,942
Depreciation of property, plant and equipment	(191)	–	(39)	(35)	(11)	–	(34)	80	(230)
Reversal of write-down of inventories, net	4	–	–	–	–	–	–	–	4
Segment profit/(loss) before tax	107	(13)	3,853	(111)	(347)	–	(887)	1,345	3,947
Assets:									
Segment assets	36,221	7,133	12,121	–	–	–	–	–	55,475
Liabilities:									
Segment liabilities	(4,905)	(2,469)	(116)	–	–	–	–	–	(7,490)
Other segment information:									
Capital expenditure on property, plant and equipment and development property	5,641	3,194	136	–	–	–	–	–	8,971

36. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	China/ Hong Kong/ /Indonesia/ India $'000	Malaysia $'000	Singapore $'000	Total $'000
31.3.2016				
Segment revenue				
- 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)
31.3.2015				
Segment revenue				
- External	723	–	588	1,311
Segment non-current assets	–	–	17,590	17,590
Capital expenditure on property, plant and equipment and development property	–	–	(8,971)	(8,971)

37. Events occurring after the reporting period

Legal proceedings involving Biofuel Research Pte Ltd

A former director ('the Claimant") of a subsidiary, Biofuel Research Pte Ltd ("Biofuel"), (who is also a shareholder of Biofuel and the former Managing Director) had filed a winding up application with the Singapore High Court (the "Court") against Biofuel (the "Application") in April 2015. The Application related to a claim arising from an alleged director's loan made by the Claimant to Biofuel before the Company became a shareholder of Biofuel. The total sum claimed against Biofuel pursuant to the Application is S$1,367,000 (the "Claim") (Note 20).

In addition, in the same month, Biofuel commenced separate legal proceedings against the Claimant for various breaches of his duties whilst he was a director and the Managing Director of Biofuel.

The Application was heard on 12 June 2015. Biofuel opposed the Application as, inter alia, Biofuel disputed the Claim. After hearing parties, the Court granted a conditional order allowing the dismissal of the Application subject to Biofuel making payment into Court to secure the Claim within 3 weeks. In accordance with the order of court, Biofuel made payment into court on 22 June 2015.

On 19 May 2016, Biofuel and the Claimant agreed to settle these suits on the basis that Biofuel will pay the Claimant the sum of $1,150,000 out of the sum of $1,367,500 paid into court on 22 June 2015. Each parties are to bear their own legal costs. The application to obtain payment out of court was approved in June 2016 and the proceedings are now closed.

38. Authorisation of financial statements for issue

The financial statements of the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Directors on 13 September 2016.

SHAREHOLDERS INFORMATION

As at 22 August 2016

SHAREHOLDERS' STATISTICS AS AT 22 AUGUST 2016

Class of shares	:	Ordinary Shares
Number of shares	:	81,611,560
Voting rights	:	One vote for per share
No of Treasury Shares	:	Nil

ANALYSIS OF SHAREHOLDERS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	32	1.46	832	0.00
100 - 1,000	564	25.73	366,829	0.45
1,001 - 10,000	1,258	57.39	5,430,535	6.66
10,001 - 1,000,000	330	15.05	17,906,904	21.94
1,000,001 and above	8	0.37	57,906,460	70.95
	2,192	100.00	81,611,560	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Weng Huixin [(1) (i)(ii)]	Nil	Nil	15,066,833	18.46
Precious Stream Holdings Limited [(1) (ii)]	Nil	Nil	12,800,000	15.68
Oon Koon Cheng	13,157,894	16.12	Nil	Nil
Bestway Premium Investments Pte Ltd	7,301,455	8.95	Nil	Nil
Joshua Huang Thien En	4,900,000	6.00	Nil	Nil
Teng Choon Fong	4,252,920	5.21	Nil	Nil

Note:

(1) Madam Weng Huixin's deemed interest of 15,066,833 shares comprises:

(i) 2,266,833 shares held under DBS Vickers Securities (S) Pte Ltd; and

(ii) 12,800,000 shares held by Precious Stream Holdings Limited, a company wholly owned by Madam Weng Huixin, under DBS Vickers Securities (S) Pte Ltd.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	DBS Vickers Securities (S) Pte Ltd	22,330,173	27.36
2.	Oon Koon Cheng	13,157,894	16.12
3.	Bestway Premium Investments Pte. Ltd.	7,301,455	8.95
4.	Joshua Huang Thien En	4,900,000	6.00
5.	Teng Choon Fong	4,252,920	5.21
6.	Li Hua	2,903,300	3.56
7.	Zeng Fuzu	1,799,362	2.20
8.	OCBC Securities Private Ltd	1,261,356	1.55
9.	Yap Keng Ann (Ye Jingan)	706,382	0.87
10.	Maybank Kim Eng Securities Pte Ltd	637,053	0.78
11.	Raphael Tham Wai Mun	625,000	0.77
12.	Phillip Securities Pte Ltd	554,845	0.68
13.	UOB Kay Hian Pte Ltd	548,980	0.67
14.	Citibank Nominees Singapore Pte Ltd	534,079	0.65
15.	DBS Nominees Pte Ltd	471,499	0.58
16.	Sim Teck Huat	380,200	0.47
17.	United Overseas Bank Nominees Pte Ltd	371,389	0.45
18.	Teo Chor Kok	310,000	0.38
19.	OCBC Nominees Singapore Pte Ltd	309,446	0.38
20.	Nah Ee Ling	300,000	0.37
		63,655,333	78.00

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

39.32% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **USP GROUP LIMITED** (the "**Company**") will be held at 16A Joo Koon Circle Singapore 629048 on Thursday, 29 September 2016 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2016 ("**FY2016**") together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution.

   Mr Tham Wai Mun Raphael **(Resolution 2)**
   Mr Ngan See Juan **(Resolution 3)**

   *Mr Ngan See Juan will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Ngan See Juan will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

3. To re-appoint Madam Weng Huixin as Director of the Company.
   [See Explanatory Note (i)] **(Resolution 4)**

   Madam Weng Huixin will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and a member of the Remuneration Committee and will be considered non-independent.

4. To approve the payment of Directors' fees of S$150,000 for the year ending 31 March 2017, to be paid quarterly in arrears (FY2016: S$150,000). **(Resolution 5)**

5. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of any convertible securities;

   (b) new shares arising from exercising share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 7)**

8. **AUTHORITY TO ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards ("**Awards**") in accordance with the provisions of the Company's Performance Share Plan ("**Share Plan**") and to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of the Awards under the Share Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

9. **RENEWAL OF SHARE PURCHASE MANDATE**

That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution of the Company to be held;

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by the shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means that number of Shares representing 10% of the issued ordinary share capital as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

"**Relevant Period**" means the period commencing from the date on which the Annual General Meeting at which this Resolution is passed and expiring on the date the next Annual General Meeting is held or is required by law or the Constitution of the Company to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Yoo Loo Ping
Chiang Wai Ming
Company Secretaries

Singapore, 14 September 2016

Explanatory Notes on Resolutions to be passed:

(i) Madam Weng Huixin who is over the age of 70 was re-appointed as Director to hold office from the date of the last Annual General Meeting held on 31 July 2015 until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 (the "**Act**"). Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As the appointment of Madam Weng Huixin lapses at this Annual General Meeting, she will have to be re-appointed to continue in office. Upon her re-appointment at the conclusion of this Annual General Meeting, going forward, Madam Weng Huixin will no longer be subject to shareholders' approval under the repealed Section 153(6) of the Act. Madam Weng Huixin will then be subject to retirement by rotation under the Company's Constitution.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Share Plan. The aggregate number of shares which may be issued pursuant to the Share Plan and any other share plan which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix dated 8 September 2016 to the Annual Report 2016.

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

(1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(3) If the appointer is a corporation, the instrument appointing a proxy or proxies must be executed under seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, not less than forty-eight (48) hours before the time set for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

USP GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 200409104W)

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

I/We ______________________________ NRIC/Passport/Co. Registration No. ____________________

of ____

being a member/members of **USP Group Limited** hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at 16A Joo Koon Circle Singapore 629048 on Thursday, 29 September 2016 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

Voting would be conducted by poll. Please indicate your vote "For" or "Against" with a tick [☒] within the box provided.

No.	Resolutions Relating To:	For	Against
AS ORDINARY BUSINESS			
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2016 and the Auditors' Report thereon		
2	Re-election of Mr Tham Wai Mun Raphael as a Director		
3	Re-election of Mr Ngan See Juan as a Director		
4	Re-appointment of Madam Weng Huixin as a Director		
5	Approval of Directors' fees amounting to S$150,000 for the year ending 31 March 2017		
6	Re-appointment of Ernst & Young LLP as Auditors		
AS SPECIAL BUSINESS			
7	Authority to allot and issue shares		
8	Authority to issue shares under the Performance Share Plan		
9	Renewal of Share Purchase Mandate		

Dated this __________ day of ______________ 2016

Total Number of Shares Held

____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the AGM. Where a member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified, failing which, the nomination shall be deemed to be alternative.

3. A proxy need not be a member of the Company.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289 and holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   You are entitled to appoint one (1) or more proxies to attend and vote at the AGM. Where such member's form of proxy appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming AGM.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time set for holding the AGM.

6. The instrument appointing a proxy or proxies shall be in writing and signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney or other authority or a notarially certified copy thereof shall be deposited at the Company's registered office at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time set for holding the AGM or adjourned meeting. Otherwise, the person so named in the instrument of proxy shall not be entitled to vote in respect thereof.

8. A corporation which is a member may by resolution of its directors or other governing body authorise any person to act as its representative at the AGM.

General

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy or proxies lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 September 2016.

USP

USP Group Limited

USP Group Limited
(Company Registration Number: 200409104W)

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