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FOR IMMEDIATE RELEASE
MEDIA RELEASE

USP GROUP REVENUE CONTINUES TO GAIN MOMENTUM

- ***One-off ABSD penalty on property and fair value loss of quoted securities impacts profitability***

Singapore, 13 November 2018 – Mainboard-listed, USP Group Limited ("USP" or "Group"), a diverse business group, today reported the Group's total revenue of S$23.33 million for the half year ended 30 September 2018 (1H2019) which was 9.8 per cent higher as compared to S$21.24 million for the corresponding period last year.

Gross profit for 1H2019 was S$8.65 million which was 12.8 per cent higher than 1H2018 at S$7.67 million. However, one-off expenses affect the Group which resulted in a net loss of S$0.93 million for the half year ended 30 September 2018 (1H2019) as compared to a loss of S$1.17 million for the corresponding period last year (1H2018). EBITDA excluding extraordinary losses increased from S$0.84 million for 1H2018 to S$1.50 million for 1H2019.

Other expenses for the Group increased mainly due to the net foreign exchange loss on the strengthening of the USD as most of the purchases for the marine business are denominated in USD. Selling and distribution expenses increased by 9 per cent in tandem with the increase in sales activities. General and administrative expenses were up by 10% from S$3.5 million in 1H2018 to S$3.9 million for 1H2019. This was attributable to the additional buyer's stamp duties (ABSD) imposed on 71 Blandford Drive property development project.

Mr Li Hua, Chief Executive Officer of USP Group Ltd, said: "The Group's growth in total revenue was driven by the stronger performance of the marine business which grew by 9.8 per cent for the first six months of the financial year. However, this was partially offset by lower revenue from the recycling of waste oil sector which was affected by the dive in the global palm oil price. The Group's performance was also affected by the investment securities of Huan Hsin which saw a drop in its share price as at 30 September 2019"

On a fully diluted basis, the Group's earnings per ordinary share decreased from (0.55) cents for 1H2018 as compared to (1.12) cents for 1H2019. As at 30 September 2018, the Group's net asset value per ordinary share was at 55.10 cents compared to 56.23 cents as at 31 March 2018. All of the above are based on the issued share capital of 90,287,403 ordinary shares.

Business Prospects

Distributorship
The marine business will continue to be the Group's revenue driver. As the purchases are in USD, the management is working with its bankers to mitigate any further fluctuations in foreign exchange.

There is a worldwide supply crunch of engines from the key principal, Mercury Marine. This is due to the popularity of its new V6 and V8 engines which were launched this year. The Group is working closely with Mercury Marine to replenish its inventory. At the same time, the Group will also continue to explore new markets and opportunities, investing in R&D for other marine products to increase the product range.

Recycling of Waste Oil

With the increase in production output, the recycling of waste oil business is expected to improve in the next half of the financial year. Despite the decrease in revenue for 1H2019, Biofuel is expected to continue to generate positive cashflow for the Group on a full year basis.

Property Investments

The Group is currently in the process of building up from an existing two storey semi-detached unit to a two and a half storey semi-detached at 71 Blandford Drive. This will enable the Group to command a better selling price. Despite this, the selling price is expected to be dampened by the current soft residential property market due to the cooling measures introduced by the government recently.

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About USP Group Limited (USP)

USP Group Limited ("USP") was listed on the mainboard of Singapore Exchange Securities Trading Limited ("SGX") in 2007 as Unionmet (Singapore) Limited. The company changed its name to USP Group Limited in 2015 after a restructuring exercise in 2013 which put in place the current management team.

Headquartered in Singapore, USP Group has diverse business sectors – distributorships/dealerships, calibration of environmental equipment (through the acquisition of Supratechnic Pte Ltd in 2016), property investments and recycling of waste oil. USP is now the sole distributor of "Mercury" marine products in Singapore, East & West Malaysia, Brunei and Indonesia.

The Group also has exclusive distribution rights in Singapore and Indonesia for IQ Air, a world leading Swiss air filter manufacturer for consumers and the medical industry as well as distributor for pharmaceutical and lab calibration services.

For recycling of waste oil, USP is the exclusive partner of the PUB. It provides solutions to process greasy water into biochemical and biofuels. The Group's property investments include 2 blocks of industrial properties and a workers dormitory in Woodlands. For more information, please see www.uspgroup.com.sg.

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