

# USP

**Company registration number - 200409104W**

**(Incorporated in Singapore)**

**Condensed Interim Financial Statements**

**For the financial year ended 31 March 2023**

**USP Group Limited**  
(Incorporated in Singapore)  
(Co. Reg. No: 200409104W)

**TABLE OF CONTENTS**

	<b>Page</b>
<b>A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>3</b>
<b>B. Condensed Interim Statements of Financial Position (Group and Company)</b>	<b>4</b>
<b>C. Condensed Interim Consolidated Statement of Cash Flows</b>	<b>5</b>
<b>D. Consolidated Interim Statements of Changes in Equity (Group and Company)</b>	<b>7</b>
<b>E. Notes to the Condensed Interim Consolidated Financial Statements</b>	<b>8</b>
<b>F. Other information required by Listing Rule Appendix 7.2</b>	<b>20</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	Note	Six Months Ended		Change	Twelve Months Ended		Change
		30 September 2022	30 September 2021	%	31 March 2023	31 March 2022	%
		S\$,000 (Unaudited)	S\$,000 (Unaudited) (Restated)		S\$,000 (Unaudited)	S\$,000 (Unaudited) (Restated)	
Revenue	4	16,737	20,571	(18.6)	36,773	40,944	(10.2)
Cost of sales		(10,335)	(11,957)	(13.6)	(22,421)	(24,712)	(9.3)
Gross profit		<u>6,402</u>	<u>8,614</u>	(25.7)	<u>14,352</u>	<u>16,232</u>	(11.6)
Other income	5	173	1,809	(90.4)	114	2,401	(95.3)
Selling and distribution expenses		(334)	(329)	1.5	(554)	(566)	(2.1)
General and administrative expenses		(8,344)	(6,869)	21.5	(14,122)	(12,397)	13.9
Finance costs		(798)	(774)	3.1	(1,284)	(1,284)	N/M
(Loss)/profit before tax from continuing operations	6	<u>(2,901)</u>	<u>2,451</u>	N/M	<u>(1,494)</u>	<u>4,386</u>	N/M
Income tax	7	(108)	1,002	N/M	(109)	952	N/M
(Loss)/profit for the period		<u>(3,009)</u>	<u>3,453</u>	N/M	<u>(1,603)</u>	<u>5,338</u>	N/M
(Loss)/profit for the period attributable to:							
Owners of the Company		(2,985)	3,479	N/M	(1,568)	5,359	N/M
Non-controlling interests		(17)	(26)	N/M	(35)	(21)	N/M
		<u>(3,002)</u>	<u>3,453</u>	N/M	<u>(1,603)</u>	<u>5,338</u>	N/M
Earnings per share attributable to equity holders of the Company							
- Basic and diluted (loss)/profit per share	15	<u>(3.33)</u>	<u>3.82</u>	N/M	<u>(1.78)</u>	<u>5.91</u>	N/M
Items that may be reclassified subsequently to profit & loss account:							
Foreign exchange translation		(1)	162	N/M	(8)	96	N/M
Total comprehensive (loss)/income for the period		<u>(3,010)</u>	<u>3,615</u>	N/M	<u>(1,611)</u>	<u>6,386</u>	N/M
(Loss)/profit for the period attributable to:							
Owners of the Company		(2,986)	3,641	N/M	(1,576)	6,407	N/M
Non-controlling interests		(17)	(26)	(34.6)	(35)	(21)	66.7
		<u>(3,003)</u>	<u>3,615</u>	N/M	<u>(1,611)</u>	<u>6,386</u>	N/M

“NM” – Not meaningful

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)**

	Note	Group S\$'000		Company S\$'000	
		31 March 2023 S\$,000 (Unaudited)	31 March 2022 S\$,000 (Unaudited) (Restated)	31 March 2023 S\$,000 (Unaudited)	31 March 2022 S\$,000 (Unaudited) (Restated)
<b>Non-current assets</b>					
Property, plant and equipment	8	21,938	22,806	150	304
Investment properties	9	26,000	26,000	–	–
Investments in subsidiaries		–	–	1,797	1,797
Intangibles	10	484	460	–	–
Deferred tax asset		370	373	–	–
<b>Total non-current assets</b>		<b>48,792</b>	<b>49,639</b>	<b>1,947</b>	<b>2,101</b>
<b>Current assets</b>					
Cash and cash equivalents		3,810	6,126	35	882
Trade and other receivables		6,535	5,801	9,385	9,906
Tax receivable		57	59	–	–
Inventories		12,728	10,061	–	–
<b>Total current assets</b>		<b>23,130</b>	<b>22,047</b>	<b>9,420</b>	<b>10,788</b>
<b>Total assets</b>		<b>71,922</b>	<b>71,686</b>	<b>11,367</b>	<b>12,889</b>
<b>Current liabilities</b>					
Trade and other payables		7,344	5,141	5,992	4,544
Contract liabilities		13	209	–	–
Borrowings	11	17,589	16,314	126	1,108
Tax payable		87	48	–	–
<b>Total current liabilities</b>		<b>25,033</b>	<b>21,712</b>	<b>6,118</b>	<b>5,652</b>
<b>Non-current liabilities</b>					
Other payables		232	318	–	–
Deferred tax liabilities		–	191	–	–
Borrowings	11	20,493	21,743	–	162
Provisions		191	191	–	–
Liabilities for post-employment benefits		–	–	–	–
<b>Total non-current liabilities</b>		<b>20,916</b>	<b>22,443</b>	<b>–</b>	<b>162</b>
<b>Total liabilities</b>		<b>46,154</b>	<b>44,155</b>	<b>–</b>	<b>5,814</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	12	51,172	51,172	51,172	51,172
Treasury shares	13	(99)	(99)	(99)	(99)
Other reserves		4,842	4,797	(355)	(355)
Accumulated losses		(29,874)	(28,306)	(45,469)	(43,643)
<b>Total equity attributable to owners of the parent</b>		<b>27,041</b>	<b>27,564</b>	<b>5,249</b>	<b>7,075</b>
Non-controlling interests		(68)	(33)	–	–
<b>Total equity</b>		<b>25,973</b>	<b>27,531</b>	<b>5,249</b>	<b>7,075</b>
<b>Total equity and liabilities</b>		<b>73,804</b>	<b>71,686</b>	<b>11,367</b>	<b>12,889</b>

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	(Unaudited)	(Unaudited)
		<b>(Restated)</b>
<b>Cash flow from operating activities</b>		
<b>(Loss)/Profit before income tax</b>	<b>(1,494)</b>	<b>4,386</b>
Adjustments for:		
Depreciation of property, plant and equipment	2,111	2,392
Unrealised exchange (gains)/losses	(10)	94
Gain on disposal of property, plant and equipment	–	(297)
Government grant	(152)	–
Reversal of impairment loss on trade receivables, net	–	(839)
Interest expense	1,284	1,284
Interest income	(56)	(40)
	<b>1,683</b>	<b>6,980</b>
<b>Operating cash flows before working capital changes</b>		
Trade and other receivables	(778)	(386)
Inventories	(2,667)	(303)
Trade and other payables	2,320	(1,809)
Contract liabilities	(196)	(741)
Currency exchange translation	22	55
	<b>384</b>	<b>4,516</b>
<b>Cash flows generated from operations</b>		
Income tax paid	(256)	(329)
	<b>128</b>	<b>4,187</b>
<b>Net cash flows generated from operating activities</b>		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,243)	(141)
Acquisition of intangible assets	(24)	–
Proceeds on disposal of plant, plant and equipment	–	786
Interest received	56	40
	<b>(1,211)</b>	<b>685</b>
<b>Net cash flows (used in)/generated from investing activities</b>		
<b>Financing activities</b>		
Proceeds from loans and borrowings	2,477	1,528
Repayment of loans and borrowings	(1,834)	(4,054)
Proceeds from loan from third party	–	1,000
Repayment of loan from third party	(1,000)	–
Increase in fixed deposits pledged	(90)	–
Repayment of lease liabilities	300	(331)
Interest paid	(1,284)	(984)
	<b>(1,431)</b>	<b>(2,841)</b>
<b>Net cash flows used in financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(2,514)</b>	<b>2,031</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,409</b>	<b>1,345</b>
<b>Cash and cash equivalents as per statement of financial position</b>	<b>895</b>	<b>3,376</b>

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**

	<b>Group</b>	
	<b>Twelve Months Ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	(Unaudited)	(Unaudited)
		<b>(Restated)</b>
<b>Note (a)</b>		
Cash on hand and at bank	3,409	3,376
Fixed deposits	(2,915)	2,750
<b>Cash and cash equivalents as per statement of financial position</b>	<b>3,810</b>	<b>6,126</b>
Less: Fixed deposits pledged	(2,915)	(2,750)
<b>Cash and cash equivalents at end of period</b>	<b>895</b>	<b>3,376</b>

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

Group	Share capital	Treasury shares	Other reserves	Accumulated profits/ (losses)	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2022</b>	51,172	(99)	4,797	(28,306)	27,564	(33)	27,531
Loss for the period	-	-	-	(1,568)	(1,568)	(35)	(1,603)
Other comprehensive gain for the financial year	-	-	45	-	45	-	45
<b>Balance at 31 March 2023</b>	<b>51,172</b>	<b>(99)</b>	<b>4,842</b>	<b>(29,874)</b>	<b>26,041</b>	<b>(68)</b>	<b>25,973</b>
<b>Balance at 1 April 2021</b>	51,172	(99)	4,701	(33,665)	22,109	(12)	22,097
Profit for the period	-	-	-	5,359	5,359	(21)	5,338
Other comprehensive loss for the financial year	-	-	96	-	96	-	96
<b>Balance at 31 March 2022 (Restated)</b>	<b>51,172</b>	<b>(99)</b>	<b>4,797</b>	<b>(28,306)</b>	<b>27,564</b>	<b>(33)</b>	<b>27,531</b>

Company	Share capital	Treasury shares	Other reserves	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2022</b>	51,172	(99)	(355)	(43,643)	7,075
Loss for the period	-	-	-	(1,826)	(1,826)
<b>Balance at 31 March 2023</b>	<b>51,172</b>	<b>(99)</b>	<b>(355)</b>	<b>(45,469)</b>	<b>5,249</b>
<b>Balance at 1 April 2021</b>	51,172	(99)	(355)	(43,864)	6,854
Loss for the period	-	-	-	221	221
<b>Balance at 31 March 2022 (Restated)</b>	<b>51,172</b>	<b>(99)</b>	<b>(355)</b>	<b>(43,643)</b>	<b>7,075</b>

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Corporate information**

The Company (Co. Reg. No: 200409104W) is incorporated and domiciled in Singapore. The address of its registered office is at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. The principal place of business of the Company is at 7 Temasek Boulevard, #29-02A Suntec Tower One, Singapore 038987.

These condensed interim consolidated financial statements as at and for the six months ended 31 March 2023 and full year ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is an investment holding company and its subsidiaries' principal activities are trading and servicing of outboard motors, healthcare equipment and calibration tools, recycling of waste oil and property investment.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 31 March 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the performance of the Group since the last interim financial statements for the period ended 30 September 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements of the Group and the Company are presented in Singapore Dollar ("SGD"), which is the Company's functional currency.

#### **2.1 New and revised standards**

A number of amendments to Standards have become applicable for the current reporting period, which include the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.



## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **2.2 Critical Accounting Judgments and Estimates**

#### **Critical judgments in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, there is no instance of application of judgments with significant updates since the audited financial statements as at 31 March 2022 and that is expected to have a significant effect on the amounts recognised in the condensed consolidated interim financial statements.

#### *Going concern assumption*

The Group's significant operations in Singapore and Malaysia were affected by COVID-19 pandemic and it will continue to have an impact on the Group's financial position, financial performance, cash flows and prospects for the foreseeable future.

Due to the inherent uncertainties arising from the continually evolving situation, it was challenging to predict the full extent and duration of COVID-19 pandemic and its impact on the stability and volatility in the financial markets.

As at 31 March 2023, the Group has outstanding bank loan and trade financing of \$4,349,000 (31 March 2022: \$4,349,000) and \$7,027,000 (31 March 2021: \$7,669,000) respectively that were defaulted since 2019 and classified as current liabilities. Nonetheless, the Group has been making constructive repayments for these borrowings. As of the date of this announcement, the Group has sold one of its' properties as mentioned in Note 16 and the proceed has been diverted to pay off bank loan of S\$4,349,000 and the remaining proceed goes to the settlement of approximately S\$1 million of trade financing.

These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concern. Nonetheless, the management is of the opinion that the use of the going concern basis in the preparation of the financial statements is appropriate, after taking into consideration significant developments as stated in Note 3 to the annual report for the financial year ended 31 March 2022 as well as the latest interim financial statements for the period ended 30 September 2022.

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **2.2 Critical Accounting Judgments and Estimates (cont'd)**

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### *Calculation of allowance for impairment loss for financial assets at amortised cost*

When measuring expected credit loss ("ECL"), the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions, as well as consideration of the implications of the COVID-19 pandemic on the assumptions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group uses provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will adjust historical credit loss experience with current and forward-looking information.

As the calculation of impairment loss allowance on trade receivables and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables. There was no impairment recognised during the period end.

#### *Valuation of inventories*

A review is made on inventory for obsolete or slow-moving inventory and declines in net realisable value below cost and inventories are written down for any such declines. The review requires management to consider the future demand for the products. In any case, the net realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The considerations for estimating the net realisable values and determining the amount of write-down include current economic condition, historical sales record, ageing analysis, technical assessment and subsequent sales. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. The economic uncertainties resulting from the COVID-19 pandemic have impacted and may continue to impact selling prices and the saleability of inventories. Any significant changes in anticipated future selling prices and saleability may affect the carrying value of the inventories. No impairment was recognised during the period end.

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **2.2 Critical Accounting Judgments and Estimates (cont'd)**

#### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Based on management's assessment, no impairment is provided for the current period end.

#### *Fair value measurement for investment properties*

Investment properties are initially recorded at cost and subsequently carried at fair value, determined by an external professional valuer.

In estimating the fair value, the professional valuers has adopted the comparable sales method and replacement cost method. In relying on the valuation reports, management has evaluated and is satisfied that the professional valuers have appropriate recognised professional qualifications, is competent, used appropriate valuation methodologies and has applied estimates which are reflective of current market conditions at the end of each reporting period.

The valuation techniques and significant unobservable inputs used to determine the fair value of the investment properties are further explained in Note 9. No impairment was recognised during the period.

#### *Impairment of investments in subsidiaries*

The Company reviews the investments in subsidiaries at the end of the financial year to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the investment is estimated to determine the impairment loss or reversal of impairment. Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the investment or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Based on management's assessment, no impairment was recognised during the period.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**4. Revenue**

	The Group			
	Six months ended 30 September 2022 S\$'000	30 September 2021 S\$'000 (Restated)	31 March 2023 S\$'000	Full year ended 31 March 2022 S\$'000 (Restated)
Sale of marine equipment and accessories	12,567	15,388	26,342	30,965
Sale of scientific and precision equipment	1,301	1,375	2,501	2,957
Sale of recycling of waste oil	1,062	1,532	2,937	2,959
Rendering of marine equipment related services	44	604	540	766
Rendering of rental related services	733	648	1,451	1,238
Rental income	1,030	1,024	2,072	2,059
Others	—	—	930	—
	<b>16,737</b>	<b>20,571</b>	<b>36,773</b>	<b>40,944</b>
Timing of revenue recognition				
At point in time	15,494	18,295	33,771	36,881
Over time	1,243	2,276	3,002	4,063

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

Disaggregation of revenue by geographical area:

	Marine	Property investments	Calibration of environmental equipment	Recycling of waste oil	Others	Total
Geographical information						
<b>2023</b>						
Malaysia	23,478	—	—	—	—	23,478
Singapore	2,233	3,523	2,501	—	930	9,187
China/Hongkong/Indonesia/India/ Pakistan	1,171	—	—	2,937	—	4,108
	<b>26,882</b>	<b>3,523</b>	<b>2,501</b>	<b>2,937</b>	<b>930</b>	<b>36,773</b>
<b>2022 (Restated)</b>						
Malaysia	27,515	—	120	—	—	27,635
Singapore	2,771	3,286	2,019	—	80	8,156
China/Hongkong/Indonesia/India/ Pakistan	2,207	—	—	2,946	—	5,153
	<b>32,493</b>	<b>3,286</b>	<b>2,139</b>	<b>2,946</b>	<b>80</b>	<b>40,944</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**4.1 Segment information**

	Property investments \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Recycling of waste oil \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>31 March 2023</b>							
Segment revenue							
Sales to external customers	3,522	26,882	2,469	2,937	964	–	<b>36,773</b>
Inter segment sales	–	533	64	–	2,010	(2,607)	–
Total revenue	3,522	27,415	2,533	2,937	2,973	(2,607)	<b>36,773</b>
Segment gain/(loss) before tax	557	67	(331)	309	(1,826)	(270)	<b>(1,494)</b>
Depreciation of property, plant and equipment	(23)	(680)	(206)	(1,043)	(170)	–	<b>(2,111)</b>
Interest expenses	(769)	(462)	(11)	–	(42)	–	<b>(1,284)</b>
Interest income	–	–	–	–	56	–	<b>56</b>
Segment assets	34,315	40,277	4,328	6,685	57,202	(71,345)	<b>71,462</b>
Unallocated assets							<b>460</b>
Total assets							<b>71,922</b>
Segment assets includes:							
Segment liabilities	2,462	24,764	1,851	3,972	81,420	(68,506)	<b>45,963</b>
Unallocated liabilities							<b>191</b>
Total liabilities							<b>46,154</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**4.1 Segment information**

	Property investments \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Recycling of waste oil \$'000	Others \$'000	Eliminations \$'000	Total \$'000
<b>31 March 2022 (Restated)</b>							
Segment revenue							
Sales to external customers	3,286	32,493	2,139	2,946	80	–	<b>40,944</b>
Inter segment sales	–	1,992	133	–	2,938	(5,063)	<b>–</b>
Total revenue	3,286	34,485	2,272	2,946	3,018	(5,063)	<b>40,944</b>
Segment gain/(loss) before tax	863	3,587	(78)	142	1,772	–	<b>6,286</b>
Depreciation of property, plant and equipment	(16)	(680)	(228)	(1,277)	(191)	–	<b>(2,392)</b>
Fair value gain on investment properties	1,900	–	–	–	–	–	<b>1,900</b>
Gain on disposal of property, plant and equipment	–	297	–	–	–	–	<b>297</b>
Interest expenses	(450)	(608)	(17)	(1)	(208)	–	<b>(1,284)</b>
Interest income	–	–	–	–	40	–	<b>40</b>
Reversal of allowance for impairment loss of trade receivables	–	839	–	–	–	–	<b>839</b>
Segment assets	26,748	34,779	4,084	10,764	28,162	(33,310)	<b>71,227</b>
Unallocated assets							<b>459</b>
Total assets							<b>71,686</b>
Segment assets includes:							
Capital expenditure on property, plant and equipment	–	141	–	–	–	–	<b>141</b>
Segment liabilities	23,765	14,675	1,323	5,044	12,424	(13,316)	<b>43,915</b>
Unallocated liabilities							<b>240</b>
Total liabilities							<b>44,155</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**5 Other income**

	The Group			
	Six months ended 31 September 2022 S\$'000	31 September 2021 S\$'000 (Restated)	Full year ended 31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)
Foreign exchange gain, net	(141)	379	(226)	600
Gain on disposal of property, plant and equipment	17	293	17	293
Government grants	68	92	152	126
Property, plant and equipment written off	(2)	–	(2)	–
Bad debt written off	(1)	–	(1)	–
Others	193	404	118	404
Interest income	39	6	56	40
Impairment loss on financial assets	–	536	–	839
Surrender of keyman insurance	–	99	–	99
	<b>173</b>	<b>1,809</b>	<b>114</b>	<b>2,401</b>

**6 Profit before taxation**

The following items have been included in arriving at profit before tax:

	The Group			
	Six months ended 31 September 2022 S\$'000	31 September 2021 S\$'000 (Restated)	Full year ended 31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)
Depreciation of property, plant and equipment	1,155	1,155	2,111	2,392
Directors' fees *	–	284	–	445
Professional fees	1,171	1,171	2,530	2,003
Property tax	163	163	340	339
Rental expenses	(177)	(177)	433	406
Staff costs	2,079	3,845	6,220	5,457

**7 Income tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	Six months ended 31 September 2022 S\$'000	31 September 2021 S\$'000 (Restated)	Full year ended 31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)
Current income tax	(186)	(252)	(187)	(302)
Deferred income tax	78	1,254	78	1,254
	<b>(108)</b>	<b>(1,002)</b>	<b>(109)</b>	<b>952</b>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**8 Property, plant and equipment**

During the financial year ended 31 March 2023, the Group did not make any significant acquisition and disposal. The decrease is mainly attributable to annual depreciation charges.

**9 Investment properties**

	The Group	
	31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)
At fair value		
Balance at beginning and end of financial year	26,000	26,000

The investment properties are mortgaged to secure bank loans and the details of the properties are as follows:

Description and location	Existing use	Floor are (sqm)	Valuation Techniques	Tenure	Significant unobservable input <sup>(1)</sup>
182, 184, 186 Woodlands Industrial Park E5, Singapore 757515	Workshops, offices and workers' dormitory	8,560.3	Direct comparison method	30 years lease commencing 25 April 2007	Price per square foot <sup>(1)</sup>

<sup>(1)</sup> Any significant increase (decrease) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

**10 Intangible assets**

Intangible assets of the Group solely comprised goodwill from acquisition of Biofuel Research Pte Ltd with the carrying amount of S\$459,000. The goodwill has an indefinite useful life. It is not subject to amortisation and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 31 March 2023 based on the CGU's business performance. The Group performed its annual impairment test on 31 March 2022. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 March 2022. The key assumptions remain the same for financial year ended 31 March 2023.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**11 Borrowings**

	Group		The Group Company	
	31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)	31 March 2023 S\$'000	31 March 2022 S\$'000 (Restated)
<b>Amount repayable within one year or less, or on demand</b>				
Unsecured loans	540	1,283	162	162
Secured loans	17,049	15,031	–	–
	<u>17,589</u>	<u>16,314</u>	<u>162</u>	<u>162</u>
<b>Amount repayable after one year</b>				
Unsecured loans	4,532	4,488	–	1,108
Secured loans	15,961	17,255	–	–
	<u>20,493</u>	<u>21,743</u>	<u>–</u>	<u>1,108</u>
<b>Total loans and borrowings</b>	<b><u>38,082</u></b>	<b><u>38,057</u></b>	<b><u>162</u></b>	<b><u>1,270</u></b>

Borrowings are secured by fixed charges on properties, shares in the subsidiaries, corporate guarantees of the Company, personal guarantees given by a former director of the Group, fixed deposits pledged to the banks and in respect of certain subsidiaries, the borrowings are also secured by a debenture with floating charge over their assets, past, present and future.

Referring to Note 24 of the FY2021 annual report, certain subsidiaries have defaulted on bank loan and trade financing of S\$4,349,000 (2022: S\$4,349,000) and S\$7,027,000 (2022: S\$7,669,000) respectively. These defaulted borrowings have already been classified in current liabilities.

**12 Share Capital**

	Group		and Company	
	2023	Issued	2022	Issued
	Number of issued shares '000	share capital S\$'000	Number of issued shares '000	share capital S\$'000
At 1 April/ 31 March	<u>90,287</u>	<u>51,172</u>	<u>90,287</u>	<u>51,172</u>

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**12. Share Capital**

*Ordinary Shares*

7.4 million of performance shares (“the 7.4 million shares”) were purportedly issued to a former CEO, Dr Lim Boh Soon (“Dr Lim”), during the quarter ended 30 September 2019. The Company takes the view that the shares were subject to be forfeited upon Dr Lim’s resignation. A substantial shareholder had obtained an injunction against Dr Lim from exercising his rights to the 7.4 million shares. The Company had also commenced legal proceedings to forfeit the shares. Both legal actions by the substantial shareholder and the Company had been ordered by the High Court to be combined into a single action by way of a single writ for further disposition. Pursuant to the court proceedings commenced by the substantial shareholder, the said former CEO will not exercise his rights over the shares and will not dispose the 7.4 million shares.

An Order (by consent) was made on 18 January 2022 in that Dr Lim shall return the 7.4 million shares to the Company for cancellation.

On 25 February 2022, Dr Lim returned the 7.4 million shares to the Company. The Company has proceeded to cancel the 7.4 million shares on 22 March 2022.

For more information, please refer to the Company’s announcements dated 25 March 2022, 23 February 2022, 20 February 2022, and the Company’s amended Annual Report FY2021 released on 24 February 2022.

*Performance Shares*

There were no performance shares granted during the financial year (2022: Nil).

**13. Treasury shares**

	<b>Group and Company</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of issued shares</b>	<b>\$’000</b>	<b>Number of issued shares</b>	<b>\$’000</b>
Balance at beginning and end of financial year	<b>634,600</b>	<b>99</b>	634,600	99

**14. Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2023</b>	<b>31 March 2022 (Restated)</b>	<b>31 March 2023</b>	<b>31 March 2022 (Restated)</b>
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in SGD cents):	28.77	30.49	5.81	7.84
No. of ordinary shares used in computing net asset value*	90,287,403	90,287,403	90,287,403	90,287,403

\*This excludes the 7.4 million shares issued to Dr Lim Boh Soon. See note 13 above.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**15. (Loss)/Earning per share**

	Group			
	31 September 2022	31 September 2021 (Restated)	31 March 2023	31 March 2022 (Restated)
(Loss)/profit per ordinary share from the group, after deducting any provision for preference dividends (in SGD cents):				
(a) Based on weighted average number of ordinary shares on issue; and	(3.33)	3.82	(1.78)	8.04
Weighted average number of ordinary shares for basic profits/ (losses) per share computation	90,287,403	90,287,403	90,287,403	90,287,403
(b) On a fully diluted basis	(3.33)	3.82	(1.78)	8.04
Weighted average number of ordinary shares adjusted for the effect for dilution	90,287,403	90,287,403	90,287,403	90,287,403

**16. Subsequent event**

On 16 May 2023, the Group has paid a sum of S\$268,000 in relation to the settlement reach between the Group and Sin Hong Hwa Pte Ltd, Mr Oon Koon Cheng, Ms Koh Bee Geok and Mr Yin Kum Choy for HC/S 328/2020 and S612/2020. The amount was accrued for in FY2023 as contingent liabilities under trade and other payables.

On 16 May 2023, RSM Corporate Advisory Pte. Ltd. was appointed as receiver in respect of the mortgaged property of the Company located at 2 Tuas South Street 15, Singapore 637079 (the "Mortgaged Property"). The Mortgaged Property of the subsidiary is charged in favour of UOB pursuant to the second legal mortgage dated 26 January 2018.

On 21 July 2023, the Group has completed its' sales of property at 16 Joo Koon Circle and approximately S\$5.2 million were used to settle the defaulted loan mentioned in Note 11.

**OTHER INFORMATION**

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

The condensed interim consolidated statement of financial position of USP Group Limited and its subsidiaries as at 31 March 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and full year and certain explanatory notes have not been audited or reviewed.

2. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- a) **Updates on the efforts taken to resolve each outstanding audit issue.**  
b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

3. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

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

**REVIEW OF PERFORMANCE (FY2023 VS FY2022)**

**Revenue**

	31 March 2023	31 March 2022	Variance	
	S\$'000	S\$'000	S\$'000	%
Sale of marine equipment and accessories	26,342	30,965	(4,623)	(14.9)
Sale of scientific and precision equipment	2,501	2,957	(456)	(15.4)
Sale of recycling of waste oil	2,937	2,959	(22)	(0.7)
Rendering of marine equipment related services	540	766	(226)	(29.5)
Rendering of rental related services	1,451	1,238	213	17.2
Rental income	2,072	2,059	13	0.6
Others	930	-	930	NM
	36,773	40,944	(4,171)	(10.2)

The Group revenue decreased by 10.2% primarily due to the decrease in sales of marine equipment and scientific & precision equipment. Such reduction is being alleviated, primarily by the increase in rental related services as well as revenue from scaffolding works under Others. More details are provided below:

*Sales of marine equipment and accessories:*

Revenue for Malaysia and Singapore market declined by 14.9% due to the market demand for outboard engines as has gone down during monsoon season. Apart from that, the contribution of revenue from governmental contract has gone down as they have acquired large sum of engines from Malaysia subsidiary in previous financial years. The numbers of engines sold reduced from approximately 4,824 units in FY2022 to 4,166 in FY2023.

## **OTHER INFORMATION**

### **REVIEW OF PERFORMANCE (FY2023 VS FY2022)**

#### **Revenue**

*Sales of scientific and precision equipment:*

Sales of scientific and precision equipment decreased by 15.4% is due to numerous factors such as increasing in the numbers of competitors in the market by diluting the Group's market shares and customers' preference towards cheaper alternative.

*Rendering of rental related services:*

The increase in rental related services revenue is due to the higher usage of the utilities that was subsequently recharge back to the tenants. The capacity of the dormitory is remaining the same as previous financial year.

*Others:*

The Group through its newly incorporated subsidiaries, Darts Engineering Pte Ltd ("Darts Engineering") and ThreeOne Recruitant Pte Ltd ("ThreeOne") have achieved sales of \$931,000 mainly through the scaffolding works carried out.

#### **Cost of sales**

The cost of sales of the Group decreased by \$2.3 from \$24.7 to \$22.4 million was largely due to the reduction in sales. The gross profit margin for the Group remains around 39% for both FY2023 and FY2022.

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

Other income decreased by \$2.3 million was mainly due to higher foreign exchange gain recognised and the receipts from the surrender of keyman insurance with a total of S\$699,000 for the previous reported period, as well as the reversal of provision of expected credit loss of S\$839,000.

#### **General and Administrative ('G&A') expenses**

Administrative expenses increased by \$1.8 million from \$12.3 to S\$14.1 mainly due to:

- The increase in staff cost by \$763,000 which is due to the revision of the workers' pay by approximately 10%;
- Increase in professional fees by S\$527,000 because the legal firms engaged by the Group are charging more hours for trial preparation and the settlement of court fees for HC/S 292/2021; and
- Increase in contingent liabilities of S\$268,000 in relation to the settlement reach between the Group and parties mentioned in Note 16.

#### **Profit Before Tax**

The Group recorded a loss of \$1.6 million FY2023 as compared to profit of \$5.3 million in Y2022. This decrease in profit before tax of S\$5.9 million was mainly due lower demand towards the second half for the outboard engines that affect the gross profit of the Group to go down by S\$1.9 million as well as the increase in staff costs, professional fees and contingent liabilities accrued of S\$1.8 million collectively. The decrease in other income by S\$2.3 million mentioned above is also the contributing factor to the increase in loss recorded for FY2023.

**OTHER INFORMATION**

**REVIEW OF PERFORMANCE (FY2023 VS FY2022)**

**Non-Current Assets**

As at 31 March 2023, the Group's total non-current assets of S\$48.8 million was S\$800,000 lower compared to S\$49.6 million as at 31 March 2022. The reduction was mainly due to the annual depreciation of S\$2.1 million and is alleviated by the purchases of new property, equipment and right-of-use assets of S\$1.2 million. The intangible assets increased by S\$24,000 arise from the acquisition of club membership at OneMarina.

**Current Assets**

Current assets of the Group increased S\$1.1 million was mainly due:

- Increase in inventory by S\$2.7 million was mainly contributed by the larger purchase of outboard engines by Malaysia subsidiary which is higher by S\$2.2 million as compared to FY2023. The order was made approximately 8 months in advance based on the forecast and due to the sales going down in second half of the year, this has resulted in inventory surge and counter action was taken by reducing the orders subsequent to the year end.
- Increase in trade and other receivables by S\$734,000 due to the huge sales made towards the year end that was project based by Supratechnic Pte Ltd with the value of approximately S\$500,000 and this balance was fully collected in July 2023. The increase in trade and other receivables is being alleviated by the decrease in deposits and prepayments as a result of deposit utilisation to set off against the professional fees billed. The breakdown of trade and other receivables are set out as follow:

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Trade receivables	3,848	3,107	741
Deposits and prepayments	1,734	2,145	(411)
Other receivables	953	549	404
<b>Total</b>	<b>6,535</b>	<b>5,801</b>	<b>734</b>

- Decrease in cash at cash equivalent by S\$2.3 million was mainly due to lower cash inflow from the Group's operating activities as a result of the larger purchase of outboard engines towards the year end.

**Current Liabilities**

Current liabilities of the Group increased S\$3.3 million was mainly due the increase in trade and other payables by S\$2.2 million as well as borrowings by S\$1.3 million.

The increase in trade and other payables are by S\$2.2 million was mainly due to the following reasons with reference to the breakdown set out below:

	<b>2023</b>	<b>2022</b>	<b>Variance</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Trade payables	1,924	2,318	(394)
Deposits	2,297	991	1,306
Accrued liabilities	2,266	1,045	1,221
Other payables	857	787	70
<b>Total</b>	<b>7,344</b>	<b>5,141</b>	<b>2,203</b>

*Deposits*

- Increase in deposits by S\$1.3 million arise mainly from the option fees from a 3<sup>rd</sup> party of S\$660,000 and additional downpayment of S\$664,000 received from customers from marine segment.

*Accrued liabilities*

- Increase in accrued liabilities by S\$1.2 million arise mainly from contingent liability of S\$268,000 in relation to the settlement of lawsuits mentioned in Note 16, accrual of staff bonus of S\$345,000 and accrued purchases for marine spare parts of S\$500,000.

The increase in borrowings by S\$1.3 million was due to the higher bill payable extended to the Malaysia's subsidiary as of year-end by S\$2.2 million and the increase was alleviated by the payment of approximately S\$630,000 trade financing.

**OTHER INFORMATION**

**REVIEW OF PERFORMANCE (FY2023 VS FY2022)**

**Non-current Liabilities**

The decrease in non-current liabilities by S\$1.5 million from S\$22.4 million to S\$20.9 million was due to the reclassification of loan's instalment due within next 12 months to current liabilities of approximately S\$1.2 million, from S\$21.7 million to S\$20.5 million.

**REVIEW OF FINANCIAL POSITION AND CASH FLOW STATEMENT**

**Cash Flow**

FY2023, cash and cash equivalents (after taking into account the effects of currency translation) decrease from \$3.4 million to S\$895,000, driven by the minimal cash inflow from operating activities and mostly offset by net cash outflows from investing and financing activities.

Net cash inflows from operating activities amounted to S\$128,000 after accounting for a positive change in working capital of S\$1.7 million are experiencing a cash outflow. This was mainly due to cash outflow for the purchase of inventories of approximately S\$2.6 million and increase in receivables to be collected from customers of S\$778,000. The cash outflow is alleviated by the increase in trade and other payables of S\$2.3 million.

Net cash outflows from investing activities amounted to S\$1.2 million comprised of the acquisition of property, plant and equipment and right-of use assets.

Net cash outflows from financial activities amounted to S\$1.4 million primarily for the repayment of borrowings and the corresponding interest expense.

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

Not applicable. No forecast or prospect statement has been disclosed to shareholders previously.

5. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Distributorship**

Despite the ongoing COVID-19 pandemic, the Group's marine business continues to remain stable. Supratechnic Pte Ltd ("Supra") had, on 30 March 2022, entered into an agreement with Mercury Marine Singapore Pte Ltd to renew Supra's Mercury Distributor Agreement. The distributor agreement will allow Supra to continue selling and distributing Mercury motors and engines for a renewal term of two (2) years. Please refer to the Company's announcement dated 11 April 2022 for more information.

**Fire Terminator**

The Company had, on 29 April 2022, entered into a non-binding Memorandum of Understanding with Fire Terminator International Pte Ltd ("FT"). The Company shall continue to cooperate and work with FT to research, conceptualize and plan for solutions for the purposes of fire extinguishing and the production and manufacturing of fire extinguishing devices. Please refer to the Company's announcement dated 4 May 2022 for more information.

**OTHER INFORMATION**

5. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (cont'd)**

**Current litigations**

The Group's ongoing litigations are set out as follows:

**A. Litigations where the Company is a Plaintiff:**

1. HC Suit No. S88/2021 in relation to the acquisition of three (3) Eco Fuel Production Plants
2. HC Suit No. S130/2021 in relation to the breach of fiduciary duties

**B. Litigations where the Company is a Defendant:**

1. Bill of Costs ("BC") No. BC 77/2021 in relation to a disputed invoice rendered by Fervent

(a) In respect B(1), please refer to the Company's announcements dated 29 August 2023.

(b) In respect of other litigations, as the litigations are still ongoing, quantification of the financial impact is not available at this point in time.

6. **Dividend information**

- a) Current Financial Period Reported on: Any dividend declared for the current financial period reported on?

No dividend is declared.

- b) Corresponding Period of the Immediately Preceding Financial Year: Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

- c) Date payable:

Not applicable

- d) Book closure date:

Not applicable.

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

No dividend is recommended for FY2023 as the Group intends to conserve cash for working capital use.

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

The Company does not have any IPT mandate.



**USP Group Limited**  
(Incorporated in Singapore)  
(Co. Reg. No: 200409104W)

**OTHER INFORMATION**

9. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

10. **Negative Assurance Confirmation on Interim Financial Results Pursuant to Rule 705(5) of the Listing Manual**

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial results for the full year ended 31 March 2023 to be false or misleading in any material aspect.

By Order of the Board  
**USP GROUP LIMITED**

Tanoto Sau Ian  
CEO, Executive Officer, Managing and Executive Director  
13 September 2023