



**USP GROUP LIMITED
AND ITS SUBSIDIARIES**

(Company registration no.: 200409104W)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026**

USP GROUP LIMITED AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

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USP GROUP LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2026

The directors 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 statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2026.

During the financial year ended 31 March 2024, the Company was placed under interim judicial management pursuant to an order of the Singapore High Court dated 11 March 2024. Messrs Tan Wei Cheong and Lim Loo Khoon, care of Deloitte & Touche LLP, were appointed as the joint and several interim judicial managers of the Company.

On 11 June 2024, the Singapore High Court granted orders placing the Company under judicial management, and Messrs Tan Wei Cheong and Lim Loo Khoon were appointed as the joint and several judicial managers of the Company with immediate effect. Following their appointment, the Judicial Managers assumed responsibility for managing the affairs, business and property of the Company in accordance with the applicable provisions of the Insolvency, Restructuring and Dissolution Act 2018 ("IRDA").

During the judicial management period, the powers and duties ordinarily exercisable or performed by the directors of the Company were subject to the powers vested in the Judicial Managers under the IRDA, and the affairs and business of the Company were managed by the Judicial Managers. The judicial management period continued while the Company undertook its restructuring and implementation of a scheme of arrangement.

On 14 July 2026, the Singapore High Court ordered that the judicial management of the Company be discharged and that the Judicial Managers be released from liability, save for liabilities specified under section 112(5) of the IRDA, with effect from 18 July 2026. Accordingly, upon the discharge of the Company from judicial management, management and control of the Company reverted to the Board of Directors.

Opinion of the directors

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position, and statement of changes in equity of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2026 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to their ability to continue as going concerns as described in Note 3.1 to the audited financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

USP GROUP LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2026

Directors

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

Melvin Tan Wei Yang	Executive Director and Chief Executive Officer (appointed on 30 July 2026)
Maio Dangi	Non-Independent Non-Executive Deputy Chairperson (appointed on 30 July 2026)
Chan Chung Khang	Independent Non-Executive Chairperson (appointed on 2 December 2023)
Jason Fong Jian Sheng	Independent Non-Executive Director (appointed on 2 December 2023)
Toh Hai Joo	Independent Non-Executive Director (appointed on 30 July 2026)

Arrangements to enable directors to acquire benefits by means of the acquisition of 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, debentures or convertible securities of the Company or any other body corporate.

Directors' interests in shares, convertible securities or debentures

According to the Register of Directors' Shareholdings kept by the Company, the Directors of the Company who held office at the end of the financial year (including those held by their spouses and infant children) had no interests in shares, debentures, warrants and share options in the Company and the related corporations.

The directors' interest as at 21 April 2026 were the same as those at the end of the reporting year.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 8 and 27 to the financial statements, since the end of the last financial period, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Directors, or with a firm of which he is a member or with a company in which he has substantial financial interest.

USP GROUP LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2026

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

Audit and risk management committee

The audit and risk management committee ("ARMC") comprises three independent non-executive directors. The members of the ARMC at the date of this statement are:

As at the date of the Director's Statement

Toh Hai Joo	Chairperson
Chan Chung Khang	Member
Jason Fong Jian Sheng	Member

The ARMC carries out its functions in accordance with the applicable provisions of the Companies Act 1967, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. Its principal functions include reviewing significant financial reporting matters and judgements, accounting policies, the adequacy and effectiveness of the Group's internal controls and risk management systems, internal audit matters and interested person transactions. The ARMC also reviews the scope and results of the external audit and matters relating to the independence and objectivity of the independent auditor.

Other functions performed by the ARMC are described in the report on corporate governance included in the annual report of the Company, including an explanation of how external auditor's objectivity and independence are safeguarded.

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 is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that PKF-CAP LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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

USP GROUP LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 March 2026

Independent auditor

PKF-CAP LLP, the independent auditor, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



Melvin Tan Wei Yang
Executive Director and Chief Executive Officer



Maio Dangi
Non-Independent Non-Executive Deputy
Chairperson

26 October 2026



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of USP Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 11 to 92.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2026 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Going concern basis in preparation of the financial statements	How our audit addressed the Key Audit Matter
As disclosed in Note 3.1 to the financial statements, the Company was initially placed under interim judicial management by order of the Singapore High Court dated 11 March 2024, and subsequently, under judicial management by Court order dated 11 June 2024, with Messrs Tan Wei Cheong and Lim Loo Khoon of Deloitte & Touche LLP appointed as the joint and several Judicial Managers. As a result, trading in the Company's shares on the SGX-ST was suspended since 23 February 2024 and remains suspended as at the date of this report. The Judicial Managers' statement of proposals was approved by creditors on 6 September 2024. Scheme creditors approved the Scheme of Arrangement on 9 April 2026 and the High Court sanctioned the Scheme on 21 May 2026. Following implementation of the Scheme, the Court ordered that the judicial management of the Company be discharged with effect from 18 July 2026, upon which management and control of the Company reverted to the Board of Directors. For the financial year ended 31 March 2026, the Group incurred a net loss of \$4,946,000 and had net cash outflow of S\$1,309,000 from operating activities. As at that date, the Group had net current liabilities of \$4,350,000 and the Company had net current liabilities of S\$9,299,000. The Group's continued operation as a going concern is dependent on the successful implementation of the restructuring measures and on the realisation of the funding and asset-realisation initiatives set out in Note 3.1.	We evaluated management's and the directors' assessment of the Group's and the Company's ability to continue as going concerns, including their business plans, restructuring measures, cost management initiatives and available financing sources. We obtained the 19-month consolidated cash flow forecast from 1 April 2026 to 31 October 2027 and ensured that it had been approved by the Board of Directors, and checked its mathematical accuracy including assessing whether the forecast has been prepared based on reasonable assumptions and future events that are supportable. We compared forecasted revenue, gross margins, operating and fixed costs and working capital movements against historical results, available budgets and the new distributorship arrangements, and challenged significant changes from historical performance. We independently recalculated and stress-tested management's cash flow forecast using adverse scenarios such as an unsuccessful compliance placement, delayed or non-receipt of the disposal proceeds, lower forecast gross profit, a contingent cash settlement of up to \$3.0 million to Ascendro Group Limited, and a plausible combination of these factors. We also evaluated the resulting lowest liquidity position and the funding required to maintain the assessed minimum cash balance.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Going concern basis in preparation of the financial statements	How our audit addressed the Key Audit Matter
Based on the Group's 19-month consolidated cash flow forecast as drawn up by management up to October 2027, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements. As the going concern assessment involves significant judgements and consideration of future events, we have identified this to be a key audit matter.	We inspected the conditional loan agreement dated 19 September 2025 with Ascendro Group Limited for a non-interest-bearing facility of up to \$3.0 million and vouched amounts received to bank records. We reviewed the sale and purchase agreement for the Shah Alam property, the related SGX-ST waiver announcement dated 3 June 2026 and the intended application of the RM20.0 million proceeds, and vouched the net disposal proceeds received to the bank records of Supratechnic Properties Sdn. Bhd. We inspected the court orders, the Judicial Managers' statement of proposals, the Scheme documents and the relevant SGXNet announcements relating to the sanction of the Scheme and the discharge of the Company from judicial management, and agreed the compromised creditors' claims to the Scheme records. We obtained the letters of continuing financial support from Ascendro Group Limited and Hinterland Investments Pte. Ltd. for an aggregate amount of up to \$2.0 million and assessed the ability of the supporting parties to provide that support. We also evaluated the adequacy and appropriateness of the related disclosures made in Note 3.1 to the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report 2026 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF USP GROUP LIMITED (CONT'D)

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Eng Kian.

A handwritten signature in black ink, appearing to read "Lee Eng Kian".

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

26 October 2026

USP GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 March 2026

	Note	2026 \$'000	2025 \$'000
<u>Continuing operations</u>			
Revenue	4	3,888	7,782
Cost of sales		(2,610)	(6,902)
Gross profit		1,278	880
Other income			
- Interest income		12	68
Other gains and losses			
- Gain on liquidation of subsidiaries		85	-
- Others	5	(773)	(12,149)
Expenses			
Distribution costs		(197)	(139)
Administrative expenses		(4,578)	(8,329)
Finance costs	6	(179)	(769)
Loss before tax	7	(4,352)	(20,438)
Tax expense	9	(594)	(32)
Loss from continuing operations		(4,946)	(20,470)
<u>Discontinued operation</u>			
Profit/(Loss) from discontinued operation, net of tax	10	-	1,742
Loss on deconsolidation of discontinued operation	10	-	(372)
Profit from discontinued operation		-	1,370
Net loss for the financial year		(4,946)	(19,100)
Other comprehensive loss:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising on consolidation		(698)	928
Total comprehensive loss for the financial year		(5,644)	(18,172)

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)**

For the financial year ended 31 March 2026

	Note	2026 \$'000	2025 \$'000
Net loss attributable to:			
Equity holders of the Company		(4,966)	(18,926)
Non-controlling interests		20	(174)
Loss for the financial year		(4,946)	(19,100)
Net loss attributable to equity holders of the Company relates to:			
Loss from continuing operations		(4,966)	(20,446)
Gain from discontinued operation		-	1,520
		(4,966)	(18,926)
Total comprehensive loss attributable to:			
Equity holders of the Company		(5,664)	(17,998)
Non-controlling interests		20	(174)
		(5,644)	(18,172)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted (loss)/earnings per share			
- From continuing operations	11	(5.50)	(22.65)
- From discontinued operation	11	-	1.68

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2026

	Note	Group		Company	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	4,381	3,784	-	-
Intangible assets	14	23	-	-	-
Investments in subsidiaries	13	-	-	-	-
Deferred tax assets	15	41	40	-	-
		4,445	3,824	-	-
Current assets					
Inventories	16	1,976	3,016	-	-
Trade and other receivables	17	1,019	5,786	276	41
Cash and bank balances	18	5,040	4,266	3,096	-*
		8,035	13,068	3,372	41
Total assets		12,480	16,892	3,372	41
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	15	-	-	-	-
Borrowings	23	2,402	622	-	-
Lease liabilities	31	268	12	-	-
Provisions	24	-	-	-	-
		2,670	634	-	-
Current liabilities					
Trade and other payables	25	7,511	9,125	8,836	7,630
Borrowings	23	1,776	4,069	834	834
Lease liabilities	31	229	70	-	-
Tax payable		150	315	282	270
Convertible loan	21	2,719	-	2,719	-
Total current liabilities		12,385	13,579	12,671	8,734
Total liabilities		15,055	14,213	12,671	8,734
Net assets/(liabilities)		(2,575)	2,679	(9,299)	(8,693)
EQUITY					
Share capital	19	50,913	50,913	50,913	50,913
Treasury Shares	20	(99)	(99)	(99)	(99)
Other reserves	22	4,692	5,390	(355)	(355)
Convertible loan	21	390	-	390	-
Accumulated losses		(58,471)	(53,505)	(60,148)	(59,152)
Equity attributable to equity holders of the Company		(2,575)	2,699	(9,299)	(8,693)
Non-controlling interests		-	(20)	-	-
Total equity		(2,575)	2,679	(9,299)	(8,693)

* The amount is less than \$1,000.

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2026

	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated losses \$'000	Equity component of convertible loan \$'000	Equity attributable to equity holders of the Company \$'000	co in
Group							
Balance at 1 April 2025	50,913	(99)	5,390	(53,505)	-	2,699	
Loss for the financial year	-	-	-	(4,966)	-	(4,966)	
Currency translation differences arising from consolidation	-	-	(698)	-	-	(698)	
Total comprehensive loss for the financial year	-	-	(698)	(4,966)	-	(5,664)	
Issue of convertible loan classified as equity	-	-	-	-	390	390	
Balance at 31 March 2026	50,913	(99)	4,692	(58,471)	390	(2,575)	

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2026

	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated losses \$'000	Equity attributable to equity holders of the Company \$'000	co in
Group						
Balance at 1 April 2024	50,913	(99)	4,462	(34,579)	20,697	
Loss for the financial year	-	-	-	(18,926)	(18,926)	
Currency translation differences arising from consolidation	-	-	928	-	928	
Total comprehensive loss for the financial year	-	-	928	(18,926)	(17,998)	
Derecognition of non-controlling interest in a subsidiary (Note 10)	-	-	-	-	-	
Balance at 31 March 2025	50,913	(99)	5,390	(53,505)	2,699	

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2026

	Share capital \$'000	Treasury shares \$'000	Other reserve \$'000	Equity component of convertible loan \$'000	Acc I
Company					
Balance at 1 April 2024	50,913	(99)	(355)	-	
Total comprehensive loss for the financial year	-	-	-	-	
Balance at 31 March 2025	50,913	(99)	(355)	-	
Total comprehensive loss for the financial year	-	-	-	-	
Issue of convertible loan classified as equity	-	-	-	390	
Balance at 31 March 2026	50,913	(99)	(355)	390	

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2026

	2026 \$'000	2025 \$'000
Group		
Cash flows from operating activities		
Loss before tax	(4,352)	(19,068)
<i>Adjustments for:</i>		
Amortisation of intangible assets	3	-
Depreciation of property, plant and equipment	299	761
Unrealised exchange (gains)/losses, net	(916)	672
Loss/(Gain) on disposal of property, plant and equipment	-	(2,602)
Impairment loss on trade and other receivables	546	480
Inventories written down	347	-
Interest expense	52	754
Interest expense on convertible loan	109	-
Interest expense on lease liabilities	17	197
Interest income	(12)	(68)
Goodwill written off	-	459
Property, plant and equipment written off	6	10,210
Gain on liquidation of subsidiaries	(85)	-
Loss on disposal of an investment property	-	82
Loss on liquidation of a discontinued operation (Note 10)	-	372
Operating cash flows before movement in working capital	(3,986)	(7,751)
Changes in working capital:		
Trade and other receivables	4,216	3,250
Inventories	693	6,548
Trade and other payables	(1,472)	(623)
Provisions	-	(165)
Cash generated from operations	(549)	1,259
Income tax paid	(760)	(450)
Net cash (used in)/generated from operating activities	(1,309)	809

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2026

	2026 \$'000	2025 \$'000
Cash flows from investing activities		
Acquisition of intangible asset	(26)	-
Purchase of property, plant and equipment	(243)	(32)
Proceeds on disposal of property, plant and equipment	2	4,725
Proceeds on disposal of investment properties	-	3,918
Cash disposed from deconsolidation of subsidiary (Note 10)	-	(54)
Cash disposed from deconsolidation of subsidiaries	(61)	-
Maturity/(placement) of fixed deposits	1,684	(219)
Interest received	12	68
Net cash generated from investing activities	1,368	8,406
Cash flows from financing activities		
Proceeds from loans and borrowings	119	-
Repayment of loans and borrowings	(399)	(4,250)
Repayment of lease liabilities	(19)	(3,082)
Interest paid	(52)	(754)
Interest paid on lease liabilities	(17)	(197)
Net cash used in financing activities	(368)	(8,283)
Net (decrease)/increase in cash and cash equivalents	(309)	932
Cash and cash equivalents at beginning of financial year	988	56
Cash and cash equivalents at end of financial year (Note 18)	679	988

The accompanying notes form an integral part of these financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

USP Group Limited (the “**Company**”) (Co. Reg. No. 200409104W) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 141 Cecil Street, Tung Ann Association Building, Singapore, 069541. The Company is listed on the Main board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. Material accounting policy information

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar (“\$”) (rounded to the nearest thousand (**\$’000**) unless indicated otherwise), and have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) (“SFRS(I)s”).

The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with SFRS(I)s requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (except for lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

a) Basis of preparation (cont'd)

SFRS(I)s and INT SFRS(I) issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's accounting periods beginning after 1 April 2025 and which the Group has not early adopted.

	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9 and SFRS(I) 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I) 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements to SFRS(I)s – Volume 11	1 January 2026
SFRS(I) 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
SFRS(I) 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to SFRS(I) 1-21 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to SFRS(I) 1-28 <i>Amendments to the Fair Value Option for Investments in Associates and Joint Ventures</i>	1 January 2027

Except for SFRS(I) 18: *Presentation and Disclosure in Financial Statements*, the directors expect that the adoption of the standards will have no material impact on financial statements in the period of initial adoption except for the following:

SFRS(I)18 *Presentation and Disclosure in Financial Statements*

SFRS(I)18 replaces SFRS(I) 1-1, carrying forward many of the requirements in SFRS(I)1-1 unchanged and complementing them with new requirements. In addition, some SFRS(I)1-1 paragraphs have been moved to SFRS(I)1-8 and SFRS(I)1-7. Furthermore, minor amendments to SFRS(I)1-7 and SFRS(I)1-33 *Earnings per Share* have been made.

SFRS(I)18 introduces new requirements to:

- i) Present specified categories and defined subtotals in the statement of profit or loss
- ii) Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- iii) Improve aggregation and disaggregation.

An entity is required to apply SFRS(I)18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to SFRS(I)1-7 and SFRS(I)1-33, as well as the revised SFRS(I)1-8 and SFRS(I)7, become effective when an entity applies SFRS(I)18. SFRS(I)18 requires retrospective application with specific transition provisions. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

b) Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sales of goods

Revenue from sale of marine equipment and accessories, scientific and precision equipment and recycling of waste oil is recognised at a point in time when the performance obligation is satisfied by transferring promised goods to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered). For sale of goods where advances are received from customers, the differences between the consideration received in accordance with the payment terms and revenue recognised is classified as contract liabilities.

Rendering of services

Revenue from rendering of marine equipment related services, calibration services and other rental related services is recognised when the Company satisfies the performance obligation at a point in time once the service has been completed.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(i). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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 (ie transactions with owners in their capacity as owners). The carrying amount 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 attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

d) Basis of consolidation (cont'd)

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

f) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, 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 recognised in the profit or loss using the effective interest method.

g) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

g) Employee benefits (cont'd)

Defined benefit plans

A subsidiary of the Group operating in Indonesia is required to provide minimum post-employment benefits to its eligible employees under Indonesian labour regulations. As the regulations prescribe a formula for determining the minimum amount of benefits, the arrangement is in substance a defined benefit plan.

The defined benefit obligation of the Group as at 31 March 2026 is not material to the financial statements. Accordingly, no separate liability has been recognised and the related disclosures required by SFRS(I) 1-19 Employee Benefits have not been presented.

h) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

i) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

j) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation

No depreciation is provided on freehold land. Leasehold land and buildings are amortised evenly over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

Depreciation (cont'd)

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold buildings	50
Leasehold land and properties	16 to 41
Leasehold improvement	3 to 10
Plant and machinery	5 to 10
Office equipment	3 to 10
Furniture and fittings	5 to 10
Motor vehicles	4 to 8
Computers	3 to 5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Properties in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

k) Investment properties

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, or land held for a currently undetermined future use. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by external professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

l) Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives of customer relationship is estimated to be 10 years.

m) Impairment of non-financial assets excluding goodwill

At the end of each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

o) Leases

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

o) Leases (cont'd)

Right-of-use assets (cont'd)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment" in the statements of financial position and disclosed in Note 12. Right-of-use asset which meets the definition of an investment property are presented within "Investment properties" and accounted in accordance with Note 2(k).

The Group applies SFRS(I) 1-36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(m).

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

p) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade receivables and other receivables (excluding prepayments, tax recoverable, other recoverable and advance payment to supplier). The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in either "other income" or "other expenses".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

p) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

q) Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, short-term deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group’s cash management, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged fixed deposits. Bank overdrafts are included in current borrowings on the statements of financial position.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

r) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

s) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

t) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage time is recognised as a finance cost in profit or loss.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

u) Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at the subsequent reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instruments, and if so, the nature of the item being hedged.

Changes in the fair value of derivative financial instruments that are not designated or do not qualify for hedge accounting are recognised in profit or loss as they arise.

v) Share capital

Ordinary shares

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.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

w) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional and presentation currency.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

w) Foreign currencies (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign operation/entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign operation/entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

y) Discontinued Operation

A discontinued operation is a component of the Group's business, the operation and cash flows which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line or business of geographical area of operation;
- Is part of a single co-ordinated plan to dispose a separate major line of business or geographical area of operation; or
- Is a subsidiary acquired exclusively with a view of resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

z) Convertible Loan

Convertible loan that can be converted into a fixed number of ordinary shares of the Company at the option of the holder, where the number of shares to be issued does not vary with changes in their fair value, are accounted for as compound financial instruments. The liability and equity components are classified separately as a financial liability and an equity instrument respectively, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument under SFRS(I) 1-32 *Financial Instruments: Presentation*.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for a similar non-convertible instrument. The difference between the proceeds received from the issuance of the convertible loan and the fair value assigned to the liability component, representing the conversion option, is recognised in equity as the "equity component of convertible loan". The equity component is not subsequently remeasured.

Transaction costs that relate to the issuance of the convertible loan are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in its carrying amount and amortised over the term of the convertible loan using the effective interest method.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest expense on the liability component is recognised in profit or loss within finance costs. The liability component is presented as a current liability unless the Group has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. A conversion option classified as equity does not affect the current or non-current classification of the liability component.

When the convertible loan is converted, the carrying amounts of the liability component and the equity component are transferred to share capital, and no gain or loss is recognised. When the convertible loan is redeemed or repurchased before maturity, the consideration paid and any related transaction costs are allocated to the liability and equity components at the date of the transaction, and any resulting gain or loss relating to the liability component is recognised in profit or loss. Where the conversion option remains unexercised at maturity, the balance in the equity component is transferred to accumulated losses/retained earnings and no gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty

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

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's summary of material accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Going concern assumption

For the financial year ended 31 March 2026, the Group incurred a net loss of \$4,946,000 and had net cash outflow of S\$1,309,000 from operating activities. As at that date, the Group had net current liabilities of \$4,350,000 and the Company had net current liabilities of S\$9,299,000. In assessing the appropriateness of preparing the financial statements on a going concern basis, the Board of Directors has exercised significant judgement, taking into consideration the financial position of the Group and the Company, the developments arising from the restructuring process and the measures undertaken during and subsequent to the financial year.

Winding-Up application

On 21 November 2023, a creditor filed a winding-up application in the High Court of Singapore against the Company in respect of a claim of approximately \$95,488 under a deed of indemnity. Hearings in respect of the application were initially scheduled for December 2023 and January 2024.

The proceedings were subsequently stayed by the statutory moratorium that took effect upon the Company being placed under interim judicial management on 11 March 2024 and remained stayed until the Company was discharged from judicial management on 18 July 2026.

Trading in the shares of the Company on the Singapore Exchange Securities Trading Limited was suspended with effect from 23 February 2024.

Under Judicial Management ("JM")

On 23 February 2024, the Board of Directors announced that, in view of the financial difficulties faced by the Group, an application had been made to the High Court to place the Company under judicial management.

Interim Judicial Managers from Deloitte & Touche LLP were appointed on 11 March 2024. Subsequently, on 11 June 2024, the High Court granted an order placing the Company under judicial management. Upon the order, the appointed Judicial Managers assumed control of the affairs of the Company and a statutory moratorium took effect in respect of proceedings against the Company while the restructuring plan was being pursued.

The Company was subsequently discharged from judicial management on 18 July 2026 following the implementation of the restructuring arrangements described below.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern assumption (cont'd)

Entry into Implementation Agreement ("IA")

On 24 April 2024, the Company entered into an implementation agreement with Hinterland Investments Pte Ltd (the "Investor") in relation to, amongst others, rescue financing to facilitate its ongoing restructuring process (the "Restructuring").

Subsequently, on 2 May 2024, the Company announced the details of the implementation agreement, which included provisions for new loans, potential equity conversions and security arrangements, subject to various conditions precedent.

The implementation agreement was intended to provide the Company with access to additional funds to support its working capital and restructuring requirements. In this regard, the Investor has provided a written undertaking to provide continuing financial support to the Company and its subsidiaries to enable them to continue as going concerns and to meet their obligations as and when they fall due for at least 12 months from the date of approval of these financial statements by the Board of Directors.

Restructuring plan, creditors' meetings and extension of the JM order

On 6 September 2024, a meeting of creditors of the Company was held to consider the Judicial Managers' Statement of Proposals for the restructuring of the Group. At the meeting, the creditors approved the Judicial Managers' restructuring plan and endorsed an extension of the judicial management order by a further six months.

Pursuant to this approval, the High Court extended the judicial management period to March 2025. Subsequently, on 3 June 2025, the High Court granted a further extension of the judicial management of the Company and the Judicial Managers' term by an additional 180 days, from 8 June 2025 to 5 December 2025, to allow additional time for the implementation of the restructuring plan.

On 28 October 2025, a further meeting of creditors of the Company was held to consider the Judicial Managers' Statement of Proposals for the restructuring of the Group. At the meeting, the creditors approved the Judicial Managers' restructuring plan and endorsed a further extension of the judicial management order.

On 4 December 2025, the High Court granted a further extension of the judicial management of the Company and the Judicial Managers' term by an additional 180 days, from 5 December 2025 to 5 June 2026, to allow additional time for the implementation of the restructuring plan.

Subsequent to the financial year ended 31 March 2026, the Scheme of Arrangement proposed between the Company and its Scheme creditors (the "Scheme") was approved by the requisite majority of Scheme creditors on 9 April 2026.

On 21 May 2026, the High Court sanctioned the Scheme and granted a further extension of the judicial management of the Company to facilitate the completion and implementation of the restructuring. Pursuant to the Scheme, distributions to Scheme creditors were subsequently determined at 43.91274% of their approved claims.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern assumption (cont'd)

Restructuring plan, creditors' meetings and extension of the JM order (cont'd)

As the approval and sanction of the Scheme occurred after 31 March 2026, the effects of the Scheme have not been recognised as adjustments to the carrying amounts of the relevant liabilities in these financial statements. The Scheme has been accounted for as a non-adjusting event after the reporting period.

Following the implementation of the Scheme, the Company was discharged from judicial management on 18 July 2026.

Disposal of the properties of subsidiaries

On 22 February 2024, a subsidiary completed the disposal of three properties located at 182, 184 and 186 Woodlands Industrial Park E5, Singapore 757515, to Royal Engineering & Trading (S) Pte Ltd for an aggregate consideration of \$22,000,000.

Subsequently, on 16 February 2026, the subsidiary entered into settlement agreements with the purchaser to conclude the outstanding matters relating to the transaction. The proceeds from the disposal were applied towards the discharge of the Group's secured obligations and improvement of the Group's liquidity position.

On 18 July 2024, a subsidiary entered into a contract for the disposal of its property located at 51 Bukit Batok Crescent #03-26/27 Unity Centre, Singapore 658077 to B + L Investment Pte Ltd for a sale consideration of \$1,650,000, excluding GST.

The net proceeds, after repayment of the outstanding mortgage owing to United Overseas Bank Limited ("UOB") and related expenses, were intended to be used to improve the Group's working capital position. The purchaser also agreed to lease the property back to the Company for up to one year to minimise operational disruption.

The disposal formed part of the Group's restructuring measures to realise asset value, reduce liabilities and strengthen its working capital position. The disposal was subsequently completed on 29 October 2024.

On 16 December 2024, a subsidiary completed the disposal of its investment property located at 2 Tuas South Street 15, Singapore 637079 to Excellence New Energy (S) Pte Ltd for a consideration of \$3,920,000. The proceeds from the disposal contributed towards the Group's debt reduction and working capital requirements.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern assumption (cont'd)

Settlement with UOB

On 25 June 2025, the High Court granted the Judicial Managers liberty to enter into a settlement agreement with UOB on behalf of the Group.

Following negotiations, the Judicial Managers reached a settlement with UOB in July 2025 and, in August 2025, UOB provided executed documents for the release and discharge of its security interests, except for certain corporate guarantees, over the Group's assets.

UOB also obtained leave of court to withdraw its winding-up applications against two subsidiaries of the Company following the settlement.

The settlement reduced the Group's exposure to enforcement actions and formed part of the broader measures undertaken to restructure the Group's financial obligations and stabilise its financial position.

Board of Directors' assessment

In determining whether the going concern basis remains appropriate, the Board of Directors has considered the above developments together with the financial forecast, financing arrangements and operational measures implemented or available to the Group and the Company as summarised below.

1. The Group has prepared a consolidated cash flow forecast for the period from April 2026 to October 2027. Based on the forecast and the assumptions adopted therein, the Group and the Company are expected to generate sufficient cash flows to meet their financial obligations as and when they fall due for at least 12 months from the date of approval of these financial statements.

In preparing the forecast, management has taken into consideration the following matters:

- (a) the expected positive operating cash flows from the Group's principal operating segments, comprising the distribution of marine engine products and the supply and calibration of scientific and industrial instrumentation, supported by appointments secured subsequent to the reporting date as distributor of IQAir air purification products in Singapore and Indonesia and as authorised dealer and distributor for Honda Marine and Hidea outboard motors;
- (b) the cost management and operational efficiency measures implemented by management to contain the Group's operating expenditure and preserve its operating margins over the forecast period; and
- (c) the compromise and rescheduling of the Group's liabilities pursuant to the scheme of arrangement sanctioned by the High Court on 21 May 2026, under which the claims of scheme creditors are to be settled in accordance with the terms of the scheme rather than on demand, thereby reducing the Group's contractual cash outflows over the forecast period.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern assumption (cont'd)

Board of Directors' assessment (cont'd)

2. On 19 September 2025, the Company entered into a conditional, non-interest-bearing convertible loan agreement with Ascendro Group Limited for funding of up to \$3,000,000, subject to the satisfaction of the conditions stipulated in the financing agreement.
3. On 24 June 2026, the Company's subsidiary, Supratechnic Properties Sdn Bhd, entered into a sale and purchase agreement (the "SPA") to dispose of its property at No. 2 Jalan Tiang U8/91, Bukit Jelutong Industrial Park, Shah Alam, Selangor, Malaysia for a consideration of RM20,000,000 (approximately \$6,396,000). The net proceeds from the proposed disposal are intended to be applied towards the settlement of creditors and the working capital requirements of the Group.
4. The Company was discharged from judicial management on 18 July 2026 following the implementation of the scheme of arrangement, enabling the Company to resume the normal conduct of its business.
5. The Company has obtained additional financing support from Ascendro Group Limited and Hinterland Investments Pte Ltd (collectively known as "investors") in an aggregate amount of up to \$2,000,000. In addition, the investors have given a written undertaking to provide financial support to the Group and Company to enable the Group and Company to operate as going concerns and to meet their liabilities as and when they fall due within the next 12 months from the date of approval of the financial statements by the Board of Directors.
6. The Company intends to undertake a compliance placement of new shares to new investors as part of its trading resumption proposal to SGX RegCo so as to raise additional working capital and to restore compliance with the shareholding spread requirement under the SGX-ST Listing Manual.

Having considered the above factors, including the restructuring measures completed subsequent to the financial year, the financing arrangements available to the Group and the Company, the Group's forecasted operating cash flows and the assumptions underlying the cash flow forecast, the Board of Directors is of the view that the Group and the Company have adequate resources to continue in operational existence and to meet their financial obligations as and when they fall due for at least 12 months from the date of approval of these financial statements.

Accordingly, the Board of Directors considers that the use of the going concern basis in the preparation of the financial statements is appropriate.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary including the provision for further liabilities that might arise if the Group and the Company are unable to continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Classification of convertible loan

On 19 September 2025, the Company entered into a conditional loan facility agreement with Ascendro Group Limited for a non-interest-bearing loan of \$3,000,000 (Note 21). Under the agreement, the loan is to be capitalised into 270,862,209 new ordinary shares of the Company, representing approximately 75% of the enlarged issued share capital, subject to the requisite shareholders' and regulatory approvals. The agreement also requires repayment of the outstanding loan upon the occurrence of certain termination events.

Management has exercised significant judgement in determining the classification of the convertible loan in accordance with SFRS(I) 1-32 *Financial Instruments: Presentation*, in particular in assessing (i) whether the conversion feature meets the "fixed-for-fixed" condition for equity classification; and (ii) whether the obligation to repay the loan in cash upon the occurrence of a termination event is genuine and outside the control of the Company.

As the loan is to be settled by the issuance of a fixed number of the Company's ordinary shares in exchange for a fixed amount of \$3,000,000, management concluded that the conversion feature meets the definition of an equity instrument. However, as the shareholders' and regulatory approvals required for the capitalisation are not wholly within the control of the Company and the termination events are considered to be genuine, the Company does not have an unconditional right to avoid delivering cash. Accordingly, management concluded that the convertible loan is a compound financial instrument comprising a liability component and an equity component. The liability component is classified as a current liability as the Company does not have the right to defer its settlement for at least 12 months after the reporting period.

Accordingly, the liability component was initially recognised at its fair value of \$2,610,000, with the residual amount of \$390,000 recognised as an equity component. The liability component was subsequently measured at amortised cost using an effective interest rate of 10.05% per annum, resulting in a carrying amount of \$2,719,000 as at 31 March 2026. Had the convertible loan been classified entirely as equity, the total equity of the Group and the Company as at 31 March 2026 would have increased by \$2,719,000. Further details are disclosed in Note 21.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices of their goods and services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3.2 Key sources of estimation uncertainty

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

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

When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. 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. Details of ECL measurement and carrying value of trade and other receivables at the end of the reporting period are disclosed in Note 17.

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 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. Any significant changes in anticipated future selling prices and saleability may affect the carrying value of the inventories.

The carrying amounts of the Group's inventories at the end of the reporting period and the amount of inventories written down for the financial year are disclosed in Note 16.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty (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. 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 of disposal 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. The carrying amounts of property, plant and equipment and intangible assets are disclosed in Notes 12 and 14 to the financial statements respectively.

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.

The carrying amount of the Company's investments in subsidiaries at the end of the reporting period are disclosed in Note 13.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

4. Revenue

	2026	2025
	\$'000	\$'000
Sales of marine equipment and accessories	2,521	5,282
Sales of scientific and precision equipment	1,185	1,249
Rendering of marine equipment related services	182	1,251
	3,888	7,782

Disaggregation of revenue

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical markets and timing of revenue recognition:

	2026	2025
	\$'000	\$'000
Malaysia	1,964	4,331
Singapore	1,389	2,774
Others	535	677
	3,888	7,782

Timing of transfer of goods and services

At a point in time	3,888	7,782
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5. Other gains and losses - Others

	2026	2025
	\$'000	\$'000
Foreign exchange (loss)/gain net	(68)	134
Loss on disposal of property, plant and equipment	(2)	(243)
Government grant	4	9
Provision for bad debts	(546)	(605)
Inventories written down	(347)	(948)
Property, plant and equipment written off	(6)	(10,210)
Sublease income	39	62
Goodwill written off	-	(459)
Others	153	111
	(773)	(12,149)

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

6. Finance costs

	2026	2025
	\$'000	\$'000
Interest expenses:		
- Bank overdraft	7	45
- Lease liabilities	17	15
- Bank loans	45	97
- Trade financing	1	612
- Convertible loan	109	-
	179	769

7. Loss before tax

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the loss before tax is arrived at after charging/(crediting) the following:

	2026	2025
	\$'000	\$'000
Auditor's remuneration paid/payable to:		
- Auditor of the Company	253	235
- Other auditors of the Group	18	33
Depreciation of property, plant and equipment	299	300
Professional fees	1,619	585
Rental expenses (Note 31)	170	209
Staff costs (Note 8)	1,538	2,955

8. Staff costs

	2026	2025
	\$'000	\$'000
<i>Key management personnel*:</i>		
Wages, salaries and other related costs excluding directors' fees	40	207
Employer's contribution to defined contribution plans including Central Provident Fund	2	11
	42	218
<i>Other staff:</i>		
Wages, salaries and other related costs	1,303	2,455
Employer's contribution to defined contribution plans including Central Provident Fund	193	282
	1,538	2,955

* Comprised amounts paid/payable to:
- Directors of the Company

	-	159
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USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

9. Tax expense

	Group	
	2026	2025
	\$'000	\$'000
Tax expense recognised in profit or loss comprises:		
- Current income tax	590	60
- Deferred tax	1	(19)
	591	41
Over/(under) provision in respect of prior years		
- Current income tax	3	(9)
	594	32

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2026	2025
	\$'000	\$'000
Loss before tax from continuing operations	(4,352)	(20,438)
Tax calculated at a tax rate of 17% (2025: 17%)	(740)	(3,474)
Expenses not deductible for tax purposes	753	3,228
Over/(under) provision of current income tax in respect of prior years	3	(9)
Deferred tax assets not recognised	578	287
	594	32

The deferred tax assets on the following deductible temporary differences have not been recognised in the financial statements at the end of the reporting period due to uncertainty of its recoverability:

	Group	
	2026	2025
	\$'000	\$'000
Unabsorbed tax losses	26,709	23,309
Unabsorbed capital allowances	3,346	3,346
Accelerated tax depreciation	127	127
Others	605	605
	30,787	27,387

As at 31 March 2026, the Group has unutilised tax losses and unabsorbed capital allowances of \$26,709,000 and \$3,346,000 (2025: \$23,309,000 and \$3,346,000) respectively that are available for set-off against future taxable profits. The use of these tax losses and capital allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislations of the respective countries in which the Group operates.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

9. Tax expense (cont'd)

The unutilised tax losses and unabsorbed capital allowances generally do not expire, except for tax losses arising from subsidiaries in Indonesia and Malaysia, which are subject to the applicable statutory carry-forward periods. Included in the Malaysian tax losses is RM1,363,356, equivalent to approximately \$411,000, which expires by year of assessment 2035.

10. Discontinued operation

On 16 December 2024, Biofuel Research Pte. Ltd. ("Biofuel"), a 93%-owned subsidiary of the Group, completed the disposal of its property located at Tuas South Street 15 for a cash consideration of \$3,920,000. Biofuel was subsequently liquidated on 15 January 2025.

Biofuel constituted the Group's entire recycling of waste oil operating segment. Accordingly, the results and cash flows attributable to Biofuel have been presented separately as a discontinued operation for the year ended 31 March 2025.

For the purpose of the consolidated statement of cash flows, the profit/(loss) before tax from the discontinued operation comprised the following:

	<u>Group</u> 2025 \$'000
Profit/(loss) before tax from the discontinued operation, before liquidation adjustments	1,742
Loss on liquidation of the discontinued operation	(372)
Derecognition of goodwill attributable to the discontinued operation	(459)
	<u>911</u>

The results of the discontinued operation were as follows:

	2025 \$'000
Revenue	-
Cost of sales	-
Gross Profit	-
Other gains and losses, net	2,764
Distribution costs	-
Administrative expenses	(840)
Finance costs	(182)
Profit/(loss) from discontinued operation, net of tax	1,742
Loss on liquidation of discontinued operation	(372)
Profit/(loss) for the financial year from discontinued operation	<u>1,370</u>

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

10. Discontinued operation (cont'd)

The net cash flows attributable to the discontinued operation are as follows:

	2025 \$'000
Net cash generated from/(used in) operating activities	(6,333)
Net cash generated from/(used in) investing activities	6,541
Net cash used in financing activities	(182)
Net cash flows from discontinued operation	26

The effect of the liquidation of the discontinued operation on the financial position of the Group is as follows:

	15 January 2025 \$'000
Assets	
Property, plant and equipment	1
Deferred tax assets	214
Inventories	14
Trade and other receivables	145
Income tax recoverable	10
Cash and cash equivalents	54
Total assets	438

The effect of the liquidation of the discontinued operation on the financial position of the Group is as follows (cont'd):

	15 January 2025 \$'000
Liabilities	
Trade and other payables	(386)
Provisions	(26)
Total liabilities	(412)
Net identifiable assets derecognised	26
Net consolidation adjustments relating to non-controlling interests	346
Loss on liquidation of discontinued operation	372

The net cash outflow arising from the liquidation is as follows:

	15 January 2025 \$'000
Cash and cash equivalents of the discontinued operation derecognised	(54)

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

11. Loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2026	2025
	\$'000	\$'000
Loss for the year attributable to equity holders of the Company		
- from continuing operations	(4,966)	(20,446)
- from discontinued operation (Note 10)	-	1,520
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	90,287	90,287
Basic and diluted loss per share (cents)		
- from continuing operations	(5.50)	(22.65)
- from discontinued operation	-	1.68

During the financial year, the Company entered into a conditional loan facility agreement dated 19 September 2025 with Ascendro Group Limited for a convertible loan of \$3,000,000, which has been accounted for as a compound financial instrument comprising liability and equity components (Note 21). Upon fulfilment of the conditions set out in the agreement, the loan is convertible into 270,862,209 new ordinary shares of the Company, representing approximately 75% of the Company's enlarged issued share capital.

As the conditions for the issuance of the conversion shares had not been satisfied as at 31 March 2026, the conversion shares are contingently issuable and have been excluded from the weighted average number of ordinary shares used in the computation of basic loss per share.

The conversion shares have also been excluded from the computation of diluted loss per share, as their inclusion would be anti-dilutive given the loss incurred for the financial year. Accordingly, basic and diluted loss per share for the financial years ended 31 March 2026 and 31 March 2025 are the same.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

12. Property, plant and equipment

	Freehold land and buildings \$'000	Leasehold land and properties \$'000	Leasehold improvement \$'000	Plant and Machinery \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000
Group							
2026							
Cost							
At 1 April 2025	4,229	371	274	1,171	965	352	77
Additions	-	175	68	-	431	12	
Disposal	-	-	-	-	(9)	-	
Written off	-	-	(77)	(259)	(152)	(66)	(134)
Translation differences	264	268	12	8	(377)	(7)	9
At 31 March 2026	4,493	814	277	920	858	291	73
Accumulated depreciation and							
At 1 April 2025	659	334	271	1,159	856	340	74
Depreciation charge for the financial year	50	73	10	1	128	7	1
Disposal					(9)		
Written off			(77)	(259)	(148)	(64)	(134)
Translation differences	47	(60)	12	7	(43)	(3)	8
At 31 March 2026	756	347	216	908	784	280	71
Net carrying value							
At 31 March 2026	3,737	467	61	12	74	11	1

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

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

	Freehold land and buildings \$'000	Leasehold land and properties \$'000	Leasehold improvement \$'000	Plant and Machinery \$'000	Office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000
Group								
2025								
Cost								
At 1 April 2024	5,359	19,026	382	7,515	1,187	734	1,584	393
Additions	-	20	-	-	12	-	-	-
Disposal	-	(2,062)	(60)	(460)	(95)	(281)	(772)	(231)
Written off	(1,123)	(16,377)	(47)	(5,538)	(300)	(127)	(39)	(41)
Translation differences	(7)	(236)	(1)	(346)	161	26	4	8
At 31 March 2025	4,229	371	274	1,171	965	352	777	129
Accumulated depreciation and								
At 1 April 2024	521	9,417	371	5,530	1,183	728	1,494	358
Depreciation charge for the financial year	48	66	2	13	81	5	66	480
Disposal	-	(154)	(60)	(327)	(87)	(279)	(704)	(226)
Written off	(89)	(8,786)	(41)	(4,002)	(300)	(127)	(10)	(40)
Translation differences	179	(209)	(1)	(55)	(21)	13	(98)	(455)
At 31 March 2025	659	334	271	1,159	856	340	748	117
Net carrying value								
At 31 March 2025	3,570	37	3	12	109	12	29	12

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

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

	Office equipment \$'000	Computers \$'000	Leasehold Building \$'000	Total \$'000
Company				
2026				
Cost				
At 1 April 2025	119	33	363	515
Written off	(119)	(33)	(363)	(515)
At 31 March 2026	-	-	-	-
Accumulated depreciation				
At 1 April 2025	119	33	363	515
Written off	(119)	(33)	(363)	(515)
At 31 March 2026	-	-	-	-
Net carrying value				
At 31 March 2026	-	-	-	-
	Office equipment \$'000	Computers \$'000	Leasehold Building \$'000	Total \$'000
Company				
2025				
Cost				
At 1 April 2024 and at 31 March 2025	119	33	363	515
Accumulated depreciation				
At 1 April 2024 and at 31 March 2025	119	33	363	515
Net carrying value				
At 31 March 2025	-	-	-	-

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

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

- a) Purchase of property, plant and equipment in the consolidated cash flows:

	2026	2025
	\$'000	\$'000
		<u>Group</u>
Aggregate cost of property, plant and equipment acquired		
- Continuing operations	686	32
Less: Additions to right-of-use assets	(443)	-
Net cash outflow for purchase of property, plant and equipment	<u>243</u>	<u>32</u>

- b) Bank loans are secured on properties of the Group with a net carrying value of \$3,125,000 (2025: \$3,125,000) (Note 23).
- c) As at 31 March 2026, the net carrying value of the Group's right-of-use assets under property, plant and equipment was \$467,000 (2025: \$37,000).

13. Investments in subsidiaries

	2026	2025
	\$'000	\$'000
		<u>Company</u>
Unquoted equity shares, at cost	261	1,458
Less: Allowance for impairment	(261)	(1,458)
Net carrying amounts	<u>-</u>	<u>-</u>

Movements in the allowance for impairment are as follows:

Balance at the beginning of the financial year	1,458	861
Impairment of investment in subsidiaries	-	597
Written off following liquidation of subsidiaries	(1,197)	-
Balance at the end of the financial year	<u>261</u>	<u>1,458</u>

During the financial year, USP Properties Pte Ltd and Theme A Investment Holdings Pte Ltd, both directly held wholly-owned subsidiaries of the Company, were placed into creditors' voluntary liquidation on 16 December 2025.

Consequently, the Company wrote off its cost of investments in these subsidiaries amounting to \$1,197,000, together with the corresponding allowance for impairment previously recognised. As these investments had been fully impaired in prior financial years, the write-off did not result in any additional impairment loss being recognised in profit or loss during the current financial year.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

13. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries as at the end of the financial year are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group	
			2026 %	2025 %
<u>Held by the Company</u>				
USP Properties Pte Ltd ^(4c)	Investment holding and real estate developer.	Singapore	-	100
SuprAI Pte Ltd (f.k.a. Supratechnic SII Pte Ltd.) ⁽¹⁾	Investment holding, research and development, engineering, manufacturing, and consultancy for biofuel industry.	Singapore	100	100
Theme A Investment Holdings Pte Ltd ^(4c)	Investment holding	Singapore	-	100
<u>Held by SuprAI Pte Ltd.:</u>				
BOS Marine Pte Ltd ^(4b)	Wholesale of marine equipment and accessories	Singapore	-	100
SuprAI Capital Pte Ltd (f.k.a Supratechnic Capital Pte Ltd) ⁽¹⁾	Investment Holding	Singapore	100	100
Scientific & Industrial Instrumentation Pte Ltd ⁽¹⁾	Trading in scientific and industrial instruments	Singapore	100	100
<u>Held by Scientific Industrial & Instrumentation Pte Ltd.:</u>				
SII Scientific (S) Pte Ltd ^(4b)	Wholesale of medical, professional, scientific and precision equipment	Singapore	-	100
<u>Held by BOS Marine Pte Ltd ^(4b)</u>				
BOS Marine (M) Sdn Bhd ⁽²⁾	Wholesale of marine equipment and accessories	Malaysia	-	100
<u>Held by SuprAI Capital Pte Ltd</u>				
Supratechnic Pte Ltd ⁽¹⁾	Wholesale of industrial machinery and equipment, marine equipment and accessories	Singapore	100	100

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

13. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries as at the end of the financial year are as follows (cont'd):

<u>Held by Supratechnic Pte Ltd</u>				
Supratechnic (M) Sdn Bhd ⁽²⁾	Trading in outboard motors and general merchandise	Malaysia	100	100
PT Supratechnic Instrumentasi ⁽³⁾	Trading in outboard motors and general merchandise	Indonesia	100	100
<u>Held by Supratechnic (M) Sdn Bhd</u>				
Supratechnic Properties Sdn Bhd (f.k.a Semangat Hitech Sdn Bhd) ⁽²⁾	Letting out properties and general traders	Malaysia	100	100
Supratechnic (S) Pte Ltd ⁽⁵⁾	Wholesale of machinery and equipment, including marine equipment	Singapore	100	-
<u>Held by USP Properties Pte Ltd</u>				
USPP Woodlands Pte Ltd ^(4c)	Investment holding	Singapore	-	100
Theme A Properties Pte Ltd ^(4b)	Commercial and industrial real estate management	Singapore	-	100
Threeone Recruitant Pte Ltd ^(4b)	Recruitment and deployment of workers and mgmt staff	Singapore	-	65
<u>Held by USPP Woodlands Pte Ltd</u>				
Koon Cheng Development Pte Ltd ⁽¹⁾	Letting and operating self-owned properties	Singapore	-	100
<u>Held by Theme A Investment Holdings Pte Ltd ^(4c)</u>				
Darts Engineering Pte Ltd ^(4a)	Process industrial plant engineering design and consultancy services; building and repair of ships, tankers and other ocean vessels; installation of industrial machinery and equipment, mechanical engineering works and scaffolding works	Singapore	-	65

(1) Audited by PKF-CAP LLP, Singapore

(2) Audited by KS Chia & Associates., Malaysia

(3) Audited by PKF Paul Hadiwinata, Hidajat, Arsono, Retno, Palilangan & Rekan, Indonesia

(4) Unaudited, in liquidation*

(a) 25 April 2025

(b) 13 October 2025

(c) 16 December 2025

(5) Newly incorporated on 15 August 2025.

* Balances of liquidated entities are deemed immaterial to the Group as at 31 March 2026.

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For the financial year ended 31 March 2026

13. Investments in subsidiaries (cont'd)

- (b) At the end of the reporting period, there are no subsidiaries with non-controlling interests that are material to the Group. Accordingly, the summarised financial information of the subsidiaries is not disclosed.

Liquidation of subsidiaries

During the financial year ended 31 March 2026, eight subsidiaries of the Group were placed into creditors' voluntary liquidation as part of the Group's ongoing restructuring and rationalisation exercise.

On 25 April 2025, Darts Engineering Pte Ltd, an indirect subsidiary of the Company, was placed into creditors' voluntary liquidation.

Subsequently, on 13 October 2025, four subsidiaries, namely BOS Marine Pte Ltd, SII Scientific (S) Pte Ltd, Theme A Properties Pte Ltd and Threeneone Recruitant Pte Ltd, were placed into creditors' voluntary liquidation.

On 16 December 2025, three further subsidiaries, namely USP Properties Pte Ltd, USPP Woodlands Pte Ltd and Theme A Investment Holdings Pte Ltd, were placed into creditors' voluntary liquidation.

The above liquidations formed part of the Group's restructuring exercise, involving the rationalisation of its corporate structure and the winding up of certain subsidiaries.

Management has assessed the implications of the liquidation proceedings on the Group's consolidated financial statements, including the assessment of control over the respective subsidiaries in accordance with SFRS(I) 10 *Consolidated Financial Statements*.

Following the loss of control over the respective subsidiaries, their assets, liabilities and related non-controlling interests, where applicable, were derecognised from the consolidated financial statements from the dates control was lost. The net gains arising from the deconsolidation of these subsidiaries following their liquidation amounting to \$85,000 have been recognised and presented separately in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 March 2026.

At the Company level, the cost of investments in USP Properties Pte Ltd and Theme A Investment Holdings Pte Ltd, amounting to \$1,197,000 in aggregate, together with the corresponding accumulated impairment losses, was written off during the financial year.

As these investments were fully impaired in prior financial years, the write-offs did not result in any additional impairment loss in the Company's profit or loss for the financial year ended 31 March 2026.

Impairment review of investment in subsidiaries

Management has also performed impairment assessment on its investment in subsidiary, SuprAI Capital Pte. Ltd. which has indication of impairment. Management has determined the recoverable amount based on the Value in Use ("VIU") of the investment in subsidiary. Based on management's assessment, an impairment loss of \$261,000 was recognised for the financial year ended 31 March 2025.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

13. Investments in subsidiaries (cont'd)

Impairment review of investment in subsidiaries (cont'd)

The recoverable amounts were determined on a value-in-use basis. The value-in-use calculations used cash flow projections derived from financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates set out below. The growth rates applied did not exceed the long-term average growth rate for the wholesale and trading of industrial machinery and equipment, scientific and industrial instruments, and marine equipment and accessories industry in which the subsidiaries operate.

Key assumptions used for value-in-use calculations	2026	2025
Compound annual growth rate	9.0%	8.7%
Long-term growth rate	2%	2%
Discount rate	12.2%	12.0%

Based on management's impairment assessment as at 31 March 2026, no further impairment loss or reversal of impairment loss was recognised for the financial year ended 31 March 2026 (2025: impairment loss of \$261,000).

For USP Properties Pte. Ltd., Biofuel Research Pte. Ltd. and Theme A Investment Holdings Pte. Ltd. management has determined the recoverable amount of the subsidiaries to be \$nil due to these subsidiaries are in liquidation. As a result, an impairment loss of \$336,000 was recognised for the financial year ended 31 March 2025.

14. Intangible assets

	Trademark \$'000
Group	
Cost	
At 1 April 2025	-
Additions	26
At 31 March 2026	<u>26</u>
Accumulated amortisation and impairment	
At 1 April 2025	-
Amortisation charged for the financial year	3
At 31 March 2026	<u>3</u>
Net carrying amount	
At 31 March 2026	<u>23</u>

During the financial year, a subsidiary of the Group, Supratechnic (M) Sdn Bhd, acquired a trademark for the purpose of protecting its brand in relation to products, goods and services in Malaysia, Singapore and Indonesia. The trademark is stated at cost less accumulated amortisation and any accumulated impairment losses. The trademark has an estimated useful life of 10 years and is amortised on a straight-line basis over its estimated useful life.

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For the financial year ended 31 March 2026

15. Deferred tax

	2026	Group	2025
	\$'000		\$'000
At beginning of the financial year	(40)		378
Charge to profit or loss (Note 9)	1		(19)
Derecognition from discontinued operation	-		(214)
Translation difference	(2)		(185)
At end of the financial year	(41)		(40)
Representing:			
Deferred tax liabilities	-		-
Deferred tax assets	(41)		(40)
	(41)		(40)

Major deferred tax assets and liabilities recognised by the Group are as follows:

	Accelerated tax depreciation \$'000	Fair value uplift on assets from acquisition of subsidiaries \$'000	Provision \$'000	Others \$'000	Total \$'000
At 1 April 2024	(268)	1,588	(32)	(910)	378
(Credit)/charged to profit or loss for the financial year	-	-	-	(19)	(19)
Currency translation differences	-	-	-	(185)	(185)
Derecognition from discontinued operation	268	(1,588)	32	1,074	(214)
At 31 March 2025	-	-	-	(40)	(40)
(Credit)/charged to profit or loss for the financial year	-	-	-	1	1
Currency translation differences	-	-	-	(2)	(2)
At 31 March 2026	-	-	-	(41)	(41)

Deferred tax assets are presented as negative amounts and deferred tax liabilities as positive amounts in the movement table above.

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For the financial year ended 31 March 2026

16. Inventories

	<u>Group</u>	
	2026 \$'000	2025 \$'000
Finished goods	1,946	2,158
Goods in transit	30	858
	<u>1,976</u>	<u>3,016</u>

The following amounts are recognised in profit or loss:

Inventories recognised as an expense in cost of sales	2,589	7,965
Inclusive of the following:		
- Inventories written down (Note 5)	<u>347</u>	<u>948</u>

17. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
<i>Current</i>				
Trade receivables - third parties	925	1,450	-	-
Less: Allowance for impairment (Note 26)	(693)	(946)	-	-
	<u>232</u>	<u>504</u>	<u>-</u>	<u>-</u>
<i>Other receivables:</i>				
- Third parties	187	4,791	41	41
- Subsidiaries	-	-	14,100	14,100
- Allowance for impairment	(56)	(54)	(14,100)	(14,100)
	<u>131</u>	<u>4,737</u>	<u>41</u>	<u>41</u>
Deposits	347	155	235	-
Prepayments	39	47	-	-
Tax recoverable	270	343	-	-
	<u>656</u>	<u>545</u>	<u>235</u>	<u>-</u>
Total	<u>1,019</u>	<u>5,786</u>	<u>276</u>	<u>41</u>

USP GROUP LIMITED AND ITS SUBSIDIARIES

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For the financial year ended 31 March 2026

17. Trade and other receivables (cont'd)

Included in Other receivables due from third parties as at 31 March 2025, was an amount of \$4,697,180, representing the remaining proceeds from the disposal of investment properties and fixed assets by Koon Cheng Development Pte. Ltd. ("KCD"), an indirect wholly-owned subsidiary of the Company which was retained by United Overseas Bank Limited ("UOB"). This amount has been classified as other receivables as the funds had not been released by UOB at the reporting date.

Subsequently, on 14 August 2025, \$3,000,000 of the retained proceeds were utilised to settle trade financing facilities of Supratechnic Pte. Ltd., a related company of KCD, pursuant to an intercompany loan agreement entered into between the two entities. The remaining balance of \$1,697,180 was released by UOB and credited to KCD's bank account on 19 August 2025 following the satisfaction of conditions under the relevant settlement arrangement.

Following the receipt of the above funds, KCD utilised the proceeds to settle certain liabilities that had been recognised as at 31 March 2025, including:

- Refund of security deposits received;
- Settlement of deferred lease income; and
- Settlement of advance rental received.

As the receipt of funds from UOB and the subsequent settlements occurred during the financial year ended 31 March 2026, the related other receivable of \$4,697,180 recognised as at 31 March 2025 was fully realised during the current financial year, and the corresponding liabilities were derecognised upon settlement.

Movement in allowance for impairment loss are as follows

	<u>Group</u>		<u>Company</u>	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
At 1 April	946	1,424	-	-
Additions	546	642	-	-
Impairment loss written off	(799)	(1,120)	-	-
Currency translation difference	-	-	-	-
	693	946	-	-
Other receivables				
At 1 April	54	548	14,100	4,932
Additions	-	-	-	9,168
Impairment loss written off	-	(494)	-	-
Write back	-	-	-	-
Currency translation difference	2	-	-	-
	56	54	14,100	14,100

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

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For the financial year ended 31 March 2026

18. Cash and bank balances

	<u>Group</u>		<u>Company</u>	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	3,761	1,303	3,096	-*
Fixed deposits (restricted)	1,279	2,963	-	-
	5,040	4,266	3,096	-

* The rounded amounts of the balances are less than \$1,000.

At the end of the reporting period, restricted cash is represented by fixed deposits pledged to secure certain bank facilities.

Cash and cash equivalents in the consolidated statement of cash flows comprised the following:

	<u>Group</u>	
	2026	2025
	\$'000	\$'000
Cash at bank and in hand and short-term term deposits	5,040	4,266
Less: Bank overdrafts (Note 23)	(82)	(315)
Less: Restricted cash-pledged bank deposits (Note 23)	(1,279)	(2,963)
Less: Restricted cash	(3,000)	-
Cash and cash equivalents	679	988

Restricted cash represents monies held in an escrow account maintained by the Judicial Managers as at the end of financial year, set aside for distribution to creditors pursuant to the Scheme of Arrangement. The Group does not have access to or control over the use of these funds.

19. Share capital

	<u>Group and Company</u>			
	2026		2025	
	Number of	Issued	Number of	Issued
	shares	share capital	shares	share capital
	\$'000	\$'000	\$'000	\$'000
At 1 April and 31 March	90,922	50,913	90,922	50,913

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.

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For the financial year ended 31 March 2026

20. Treasury shares

	<u>Group and Company</u>			
	2026		2025	
	Number of shares	\$'000	Number of shares	\$'000
Balance at beginning and end of financial year	634,600	99	634,600	99

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

During the financial year ended 31 March 2018, the Company acquired 634,600 shares in the Company through purchases of the Singapore Exchange. Consideration paid to purchase shares amounted to \$99,378 which was presented as a component within the equity in the financial statements.

21. Convertible loan

On 19 September 2025, the Company entered into a conditional loan facility agreement with Ascendro Group Limited for a non-interest-bearing loan of \$3,000,000 to finance the Group's restructuring exercise and settlement of outstanding creditors.

Under the agreement, the loan shall be capitalised into 270,862,209 new ordinary shares of the Company, representing approximately 75% of the enlarged issued share capital, subject to the requisite regulatory and shareholders' approvals. The agreement also requires the Company to repay the outstanding loan in cash upon the occurrence of certain termination events, including where the requisite approvals are not obtained.

The convertible loan was assessed to comprise both liability and equity components. Upon initial recognition, the liability component was measured at fair value, with the residual amount recognised as a separate component of equity. The liability component is subsequently measured at amortised cost using the effective interest method at an effective interest rate of 10.05% per annum.

The movements in the liability and equity components of the convertible loan during the financial year are as follows:

	<u>Group and Company</u> 2026 \$'000
Liability component	
Fair value at initial recognition	2,610
Interest expense recognised using the effective interest method	109
At 31 March 2026	2,719
Equity component	
Equity component recognised at initial recognition	390
At 31 March 2026	390

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

21. Convertible loan (cont'd)

The interest expense of \$109,000 arising from the unwinding of the discount on the liability component has been recognised in finance costs (Note 6). The equity component of \$390,000 is presented separately within equity in the financial statements.

Subsequent to the financial year end, on 14 August 2026, the Company announced that the proposed capitalisation would involve the issuance of 270,862,209 new ordinary shares to Ascendro Group Limited, representing approximately 75% of the enlarged issued share capital. The proposed transaction remains subject to the requisite shareholders' and regulatory approvals.

22. Other reserves

	<u>Group</u>		<u>Company</u>	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	(252)	446	-	-
Gain or loss on reissuance of treasury shares	(504)	(504)	(504)	(504)
Capital reserve	2,941	2,941	-	-
Other	2,507	2,507	149	149
	<u>4,692</u>	<u>5,390</u>	<u>(355)</u>	<u>(355)</u>

a) Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies differ from the Group's presentation currency. The reserve reflects cumulative foreign exchange gains and losses recognised in other comprehensive income and is reclassified to profit or loss upon disposal of the relevant foreign operation.

b) Gain or loss on reissuance of treasury shares

The gain or loss on reissuance of treasury shares represents the cumulative difference arising from the purchase, sale, reissuance, transfer or cancellation of treasury shares. In accordance with the relevant statutory and regulatory requirements, the reserve is not available for dividend distribution and may not be distributed, whether in cash or otherwise, to shareholders of the Company.

c) Capital reserve pertains to the followings:

- Revaluation surplus arising from the freehold land and building in May 2011, being transferred to capital reserve for the purpose of issuing bonus shares; and
- The premium received from non-controlling interest for acquisition of a portion of non-controlling interest in subsidiaries, Supratechnic (M) Sdn. Bhd and Scientific & Industrial Instrumentation Pte Ltd on 1 March 2019 amounting to \$2,884,000.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

22. Other reserves (cont'd)

d) Other - equity consideration

The other reserve represents equity consideration paid or payable to the vendors in connection with the acquisition of Supratechnic Pte. Ltd. during the financial year ended 31 March 2016. The reserve reflects the equity component of the acquisition consideration recognised in accordance with the terms of the acquisition agreement.

Movements in the above other reserves are disclosed in the statements of changes in equity.

23. Borrowings

	<u>Group</u>		<u>Company</u>	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
<i>Non-current</i>				
<u>Bank loans</u>				
Bank loan I	515	622	-	-
Bank loan II	1,887	-	-	-
	2,402	622	-	-
<i>Current</i>				
<u>Bank loans</u>				
Bank loan I	189	170	-	-
Bank loan II	552	-	-	-
	741	170	-	-
Bank overdrafts	82	315	-	-
Loan from shareholder	386	386	386	386
Loan from related party	567	448	448	448
Trade financing	-	2,750	-	-
	1,035	3,899	834	834
	4,178	4,691	834	834

a) Secured liabilities

Bank loans

Loan I is secured by Supratechnic (M) Sdn Bhd on certain properties of the subsidiaries and a third party, fixed deposits of the subsidiary (Note 18) and corporate guarantee by Supratechnic Pte Ltd. Loan I bears floating interest rate ranging from 1% to 1.25% (2025: 1% to 1.25%) per annum above the bank's prevailing base lending rate and is repayable by monthly instalments over 15 years commenced in 2014. The loan bears interest rate from 4.85% to 6.85% (2025: 4.85% to 6.85%) per annum. The loan is denominated in Malaysia Ringgit.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

23. Borrowings (cont'd)

a) Secured liabilities (cont'd)

Bank loans (Continued)

Loan II relates to the restructuring of the outstanding trade financing facilities undertaken by a subsidiary of the Group, Supratechnic (M) Sdn. Bhd. During the financial year, the subsidiary has entered into a Deed of Undertaking with the bank, pursuant to which it undertook to repay the outstanding liabilities of approximately \$2.70 million by monthly instalments over five years commencing October 2025. The outstanding loan bears no further interest provided the agreed repayment terms are complied with. The bank has agreed not to enforce its rights under the existing facilities and related corporate guarantees provided that the repayment terms are met.

Bank overdrafts

Bank overdrafts bear interest rates ranging from 6.35% to 7.92% (2025: 6.35% to 7.92%) per annum and are secured by the subsidiary's leasehold properties and joint and several personal guarantees of the former directors of the Company and subsidiaries.

Loans from shareholder and related party

The loans from shareholder and related party are non-trade, interest-free, unsecured and repayable on demand.

b) Fair Values

Current borrowings

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period as they are either repayable on demand or have short remaining maturities.

Non-current borrowings

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which management expects would be available to the Group at the end of the reporting period, the fair values of the fixed borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the marketing lending interest rates available to the Group at the end of the reporting period. The floating rates borrowings are instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these borrowings, determined from the discounted cash flow analysis using market lending rates for similar borrowings which the management would be available to the Group would approximate their carrying amounts at the end of the reporting period.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

23. Borrowings (cont'd)

c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bank loans \$'000	Lease liabilities \$'000	Trade financings \$'000	Loan from shareholder \$'000	Loan from related party \$'000	Total \$'000
Group						
2026						
Balance as at 1 April 2025	792	82	2,750	386	448	4,458
Changes from financing cash flows:						
- Proceeds from borrowings	-	-	-	-	119	119
- Repayments	(399)	(19)	-	-	-	(418)
- Interest paid	(52)	(17)	-	-	-	(69)
Non-cash changes:						
- Interest expense	52	17	-	-	-	69
- Additions to lease liabilities	-	443	-	-	-	443
- Reclassification of trade financings to bank loans	2,750	-	(2,750)	-	-	-
- Foreign exchange translation	-	(9)	-	-	-	(9)
Balance at 31 March 2026	3,143	497	-	386	567	4,593

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

23. Borrowings (cont'd)

d) Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Bank loans \$'000	Lease liabilities \$'000	Trade financings \$'000	Loan from shareholder \$'000	Loan from related party \$'000	Total \$'000
Group						
2026						
Balance as at 1 April 2024	1,874	3,164	5,918	386	448	11,790
Changes from financing cash flows:						
- Repayments	(1,082)	(57)	(3,168)	-	-	(4,307)
- Interest paid	(142)	(15)	(612)	-	-	(769)
Non-cash changes:						
- Interest expense	142	197	612	-	-	951
Changes from discontinued operation:						
- Discontinuation of lease	-	(3,025)	-	-	-	(3,025)
- Interest paid	-	(182)	-	-	-	(182)
Balance at 31 March 2025	792	82	2,750	386	448	4,458

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

24. Provision for restoration cost

	2026	2025
	\$'000	\$'000
Balance at 1 April	-	191
Discontinued operation	-	(26)
Disposal	-	(165)
Balance at 31 March	-	-

The provision for restoration costs represents the present value of management's best estimate of the future outflow economic benefits that will be required to reinstate the lease property to its original state.

25. Trade and other payables

	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,702	1,416	-	-
Deposit received	119	167	-	-
Other payables – Third parties	3,895	2,661	3,718	1,681
Subsidiaries	-	-	3,853	4,869
Accrued operating expenses	1,754	4,840	1,265	1,080
Deferred rent payable	41	41	-	-
	7,511	9,125	8,836	7,630

Trade and other payables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the financial year are as follows:

	<u>Group</u>		<u>Company</u>	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised costs	5,694	9,662	3,334	41
Financial liabilities at amortised cost	14,399	13,775	12,389	8,464

b) Financial risk management

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The Group does not hold derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing risks and they are summarised below.

There have been no changes to the exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Indonesian Rupiah ("IDR") and Malaysian Ringgit ("MYR").

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

At the end of the reporting period, the Group has the following financial assets and financial liabilities denominated in foreign currencies: -

	USD \$'000	IDR \$'000	MYR \$'000
Group			
2026			
<i>Financial assets</i>			
Cash and cash equivalents and fixed deposits	-	7	1,452
Trade and other receivables	-	38	221
	-	45	1,673
<i>Financial liabilities</i>			
Trade and other payables	-	497	97
Borrowings	119	-	739
	119	497	836
Net financial (liabilities)/assets denominated in foreign currency	(119)	(452)	837

	IDR \$'000	MYR \$'000
Group		
2025		
<i>Financial assets</i>		
Cash and cash equivalents and fixed deposits	10	3,030
Trade and other receivables	406	490
	416	3,520
<i>Financial liabilities</i>		
Trade and other payables	484	103
Borrowings	-	1,107
	484	1,210
Net financial (liabilities)/assets denominated in foreign currency	(68)	2,310

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2026	2025
A hypothetical 10% (2025: 10%) strengthening in the exchange rate of the functional currency \$ against USD with all other variables held constant would have a (unfavourable)/favourable effect on pre-tax profit of	12	-
A hypothetical 10% (2025: 10%) strengthening in the exchange rate of the functional currency \$ against IDR with all other variables held constant would have a (unfavourable)/favourable effect on pre-tax profit of	45	7
A hypothetical 10% (2025: 10%) strengthening in the exchange rate of the functional currency \$ against MYR with all other variables held constant would have a (unfavourable)/favourable effect on pre-tax profit of	(84)	(231)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns borrowings which are both fixed rate and floating rate. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	2026	2025
<u>Financial Liabilities</u>		
Fixed rates	497	82
Floating rates	716	4,376

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis:

A hypothetical variation in floating interest rate by 100 basis points with all other variables held constant, would have an increase/decrease in pre-tax loss for the year by

7

44

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in term of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

The Company is not exposed to significant interest rate risk as it does not have financial liabilities carry at floating interest rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with credit quality counterparties.

The Group has no significant concentration of credit risk. The Company has no significant concentration of credit risk except for the loans and receivables from subsidiaries as disclosed in Note 17.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due and there is evidence of credit impairment	Lifetime ECL- credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Definition of Default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Company has significant credit risk exposures arising on amounts due from subsidiaries (Note 17).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the statements of financial position relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings (Note 23).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

Movements in credit loss allowance are as follows:

	Trade Receivables \$'000	Other Receivables \$'000	Total \$'000
Group			
Balance as at 1 April 2024	1,424	548	1,972
Loss allowance measured:			
Lifetime ECL			
- simplified approach	642	-	642
- impairment loss written off	(1,120)	(494)	(1,614)
Balance as at 31 March 2025	946	54	1,000
Loss allowance measured:			
Lifetime ECL			
- simplified approach	546	-	546
- impairment loss written off	(799)	-	(799)
- Currency translation difference	-	2	2
Balance as at 31 March 2026	693	56	749

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

Movements in credit loss allowance are as follows (cont'd):

	Trade Receivables \$'000	Other Receivables \$'000	Total \$'000
Company			
Balance as at 1 April 2024	-	4,932	4,932
Loss allowance measured:			
Lifetime ECL			
- credit-impaired	-	9,168	9,168
- write back	-	-	-
Balance as at 31 March 2025	-	14,100	14,100
Loss allowance measured:			
Lifetime ECL			
- credit-impaired	-	-	-
- write back	-	-	-
Balance as at 31 March 2026	-	14,100	14,100

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and letters of demand issued for debts due for more than 12 months.

The group's credit risk exposure in relation to trade receivables under SFRS(I) 9 is set out in the provision matrix below:

	Not past due \$'000	Within 3 months \$'000	Past due 3 to 6 months \$'000	6 to 12 months \$'000	More than 1 year \$'000	Total \$'000
Group 2026						
<i>Marine distributors and dealerships</i>						
Expected loss rate	0%	0%	100%	100%	100%	
Gross Receivables	110	54	11		524	699
Loss allowance	-	-	(11)	-	(524)	(535)
<i>Calibration of environmental equipment</i>						
Expected loss rate	0%	0%	0%	0%	100%	
Gross Receivables	61				158	219
Loss allowance	-	-	-	-	(158)	(158)
<i>Property investments</i>						
Expected loss rate	0%	0%	0%	0%	0%	0%
Gross Receivables	7	-	-	-	-	7
Loss allowance	-	-	-	-	-	-
Total gross receivables	178	54	11	-	682	925
Total loss allowance	-	-	(11)	-	(682)	(693)
Net carrying amount	178	54	-	-	-	232

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

	Not past due \$'000	Within 3 months \$'000	Past due 3 to 6 months \$'000	6 to 12 months \$'000	More than 1 year \$'000	Total \$'000
Group 2025						
<i>Marine distributors and dealerships</i>						
Expected loss rate	0%	0%	0%	20%	89%	
Gross Receivables	160	140	5	20	1,015	1,340
Loss allowance	-	-	-	(4)	(905)	(909)
<i>Calibration of environmental equipment</i>						
Expected loss rate	16%	100%	0%	100%	100%	
Gross Receivables	83	16	-	1	7	107
Loss allowance	(13)	(16)	-	(1)	(7)	(37)
<i>Property investments</i>						
Expected loss rate	0%	0%	0%	0%	0%	0%
Gross Receivables	-	-	3	-	-	3
Loss allowance	-	-	-	-	-	-
Total gross receivables	243	156	8	21	1,022	1,450
Total loss allowance	(13)	(16)	-	(5)	(912)	(946)
Net carrying amount	230	140	8	16	110	504

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

(b) *Financial risk management* (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

The table below details the credit quality of the Group's financial assets (other than trade receivables):

Group 2026	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Deposits	12-month ECL	347	-	347
Other receivables	Lifetime ECL	187	(56)	131
Cash and cash balances	12-month ECL	5,040	-	5,040
Group 2025	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Deposits	12-month ECL	155	-	155
Other receivables	Lifetime ECL	4,791	(54)	4,737
Cash and cash balances	12-month ECL	4,266	-	4,266

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

(b) *Financial risk management* (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

The table below details the credit quality of the Company's financial assets (other than trade receivables):

Company 2026	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Amounts due from subsidiaries	Lifetime ECL	14,100	(14,100)	-
Company 2025	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Amounts due from subsidiaries	Lifetime ECL	14,100	(14,100)	-

The credit loss exposure for cash and cash equivalents and deposits is considered as insignificant as at 31 March 2026 and 31 March 2025.

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The directors do not expect credit loss exposure arising from these guarantees in view that the borrowings were secured (Note 23).

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

26. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

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's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, Management monitors and reviews the Group's and Company's forecasts of liquid reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated future interest payments. Accordingly, the amounts presented in the table may differ from the carrying amounts of the respective financial liabilities in the statements of financial position.

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Group 2026				
Trade and other payables	7,511	-	-	7,511
Borrowings	1,886	2,502	-	4,388
Convertible loan	3,000	-	-	3,000
Lease Liabilities	239	288	-	527
Group 2025				
Trade and other payables	9,125	-	-	9,125
Borrowings	4,069	622	-	4,691
Lease Liabilities	70	12	-	82

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Company 2026				
Trade and other payables	8,836	-	-	8,836
Borrowings	834	-	-	834
Convertible loan	3,000	-	-	3,000
Company 2025				
Trade and other payables	7,630	-	-	7,630
Borrowings	834	-	-	834

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

27. Significant related party transactions

In addition to the information disclosed elsewhere in these financial statements, the following transactions took place between the Company and related parties during the financial year on terms agreed by the parties concerned:

Key management personnel compensation

Total Key management personnel compensation is analysed as follows:

	Group	
	2026	2025
	\$'000	\$'000
Salaries, director's fee and other short-term employee benefits	40	207
Contributions to defined plan	2	11

Included in the above amount are the following items:

Directors' remuneration (excluding directors' fees)	-	159
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Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

28. Fair value of assets and liabilities

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

28. Fair value of assets and liabilities (cont'd)

(b) Fair value measurements of assets that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets measured at fair value at the end of the reporting period.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Group				
2026				
Non-financial assets				
Investment properties	-	-	-	-
2025				
Non-financial assets				
Investment properties	-	-	-	-

(c) Determination of fair values

Investment properties

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Note 2(k).

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Investment properties	
	2026	2025
	\$'000	\$'000
Group		
Balance at beginning of financial year	-	4,000
Disposal of assets	-	(4,000)
Balance at end of financial year	-	-

(d) Valuation process applied by the Group

The management of the Group 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, management reports to the Group's ARMC.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services: (1) property investments, (2) marine distributors and dealerships, (3) calibration of environmental equipment, (4) recycling of waste oil and (5) others which include investment holding.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance of each segment. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- a) The property investments segment is a property developer and property investment.
- b) The marine distributors and dealerships is a trader of marine equipment and related products.
- c) The calibration of environmental equipment segment is a trader and service provider of mechanical and electronic scientific and industrial instruments as well as air purification products.
- d) The recycling of waste oil segment is a research and development, engineering, manufacturing and consultancy for the biofuel industry.
- e) The others segment includes investment holding companies.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Property Investment \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Others \$'000	EL
For the financial year ended 31 March 2026					
Revenue					
Sales	-	2,686	1,202	10	
Results					
Segment results before interest and income tax	86	(2,642)	(1,095)	(934)	
Interest income	-	12	-	-	
Interest expense	-	(54)	(13)	(112)	
Profit/(Loss) before income tax	86	(2,684)	(1,108)	(1,046)	
Tax expense	(379)	(210)	(5)	-	
(Loss)/Profit for the financial year	(293)	(2,894)	(1,113)	(1,046)	
Depreciation of property, plant and equipment (Note 12)	(3)	(221)	(75)	-	
Gain/(Loss) on disposal of property, plant and equipment (Note 12)	-	(1)	(1)	-	
Interest expense	-	(54)	(13)	(112)	
Interest income	-	12	-	-	

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information (cont'd)

	Property Investment \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Others \$'000	EL
Assets FY2026					
Segment assets	22	11,286	1,048	3,422	
Consolidated total assets					
Segment assets include:					
Capital expenditure on plant, property and machinery	-	269	417	-	
Liabilities					
Segment liabilities	1,350	18,274	2,068	88,431	
Consolidated total liabilities					

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information (cont'd)

	Property Investment \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Recycling of waste oil (Discontinued operation) (Note 10) \$'000	Others \$'000	EL
For the financial year ended 31 March 2025						
Revenue						
Sales	-	7,002	1,249	-	-	
Results						
Segment results before interest and income tax	(26,227)	(18,882)	(2,576)	(1,860)	(56,529)	
Interest income	-	68	-	-	-	
Interest expense	-	(710)	(20)	(182)	(39)	
Profit/(Loss) before income tax	(26,227)	(19,524)	(2,596)	(2,042)	(56,568)	
Tax expense	-	(114)	82	-	-	
(Loss)/Profit for the financial year	(26,227)	(19,638)	(2,514)	(2,042)	(56,568)	
Depreciation of property, plant and equipment (Note 12)	(3)	(255)	(41)	(462)	-	
Gain/(Loss) on disposal of property, plant and equipment (Note 12)	-	(35)	(209)	2,846	-	
Interest expense	-	(710)	(20)	(182)	(39)	
Interest income	-	68	-	-	-	

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information (cont'd)

	Property Investment \$'000	Marine distributors and dealerships \$'000	Calibration of environmental equipment \$'000	Recycling of waste oil (Discontinued operation) (Note 10) \$'000	Others \$'000	EL
Assets FY2025						
Segment assets	4,717	11,052	1,016	-	107	
Consolidated total assets						
Segment assets include:						
Capital expenditure on plant, property and machinery	-	30	2	-	-	
Liabilities						
Segment liabilities	2,415	15,501	922	-	84,495	
Consolidated total liabilities						

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

29. Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured in a manner that is consistent with loss before tax in the consolidated financial statements. Income tax expense is included in the segment results reviewed by the Group's chief operating decision maker and is allocated to the operating segments based on the tax expense of the subsidiaries comprising each segment.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax assets and tax recoverable which are classified as unallocated assets.

Segment liabilities

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities and income tax payable. These liabilities are classified as unallocated liabilities.

Geographical information

Geographical information

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

	Sales to external customers		Non-current assets	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Malaysia	1,964	4,331	3,978	3,623
Singapore	1,389	2,774	394	68
Rest of Asia	535	677	32	93
	3,888	7,782	4,404	3,784

Non-current assets information presented above related to non-current assets as presented on the consolidated statement of financial position excluding deferred tax asset.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

30. Capital management

The objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken.

There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt.

In order to maintain its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company is required to comply with the applicable shareholding spread requirements under the SGX-ST Listing Manual, including the requirement for at least 10% of its issued shares (excluding treasury shares) to be held by the public. Management monitors the Company's shareholding spread based on information obtained from the share registrar and other available records. As disclosed in Note 3.1, as part of the Company's proposal for the resumption of trading in its shares, the Company intends to undertake a compliance placement of new shares to new investors to, among other things, restore compliance with the applicable shareholding spread requirement and raise additional working capital.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital, as shown below. Net debt is calculated as total borrowings less cash and bank balances, excluding restricted cash held in escrow for distribution to Scheme creditors.

	Group	
	2026	2025
	\$'000	\$'000
Net debt:		
All current and non-current borrowings including leases	4,675	4,773
Less: Cash and bank balances, excluding restricted cash (Note 18)	(2,040)	(4,266)
Net debt	2,635	507
Total (deficit)/equity	(2,575)	2,679
Gearing ratio	N.M.*	19%

*N.M.: not meaningful.

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

31. Leases

a) The Group and the Company as a lessee

Nature of the Group and the Company's leasing activities

The Group and the Company's leasing activities comprise the following:

- (i) The Group and the Company lease land, office, factories and motor vehicles from non-related parties under non-cancellable lease agreements. The leases have a tenure of 2 to 41 years.
- (ii) In addition, the Group leases certain office equipment with contractual terms of 6 months to five years. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group has options to purchase certain equipment/motor vehicles for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases. No restrictions are imposed on dividends or further leasing.

The maturity analysis of the lease liabilities is disclosed in Note 26(b).

	Group	
	2026	2025
	\$'000	\$'000
Lease liabilities - current	229	70
Lease liabilities – non-current	268	12
	<u>497</u>	<u>82</u>

	Group	
	2026	2025
	\$'000	\$'000
<u>Amounts recognised in profit or loss</u>		
Depreciation of right-of-use assets	73	277
Interest expense on lease liabilities (Note 6)	<u>17</u>	<u>197</u>

USP GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2026

32. Events occurring after the financial year

Except for the subsequent events disclosed in Note 3.1, which were considered by the Board of Directors in assessing the appropriateness of the going concern basis of preparation, the other significant events occurring after the financial year are set out below.

Change of names of wholly-owned subsidiaries

On 5 June 2026, the Company's wholly owned subsidiaries, Supratechnic SII Pte. Ltd. and Supratechnic Capital Pte. Ltd., changed their names to SuprAI Pte. Ltd. and SuprAI Capital Pte. Ltd., respectively. The changes relate solely to the corporate names of the subsidiaries and did not result in any changes to their principal activities, operations, assets, liabilities, shareholdings or the Group's structure.

Entry into Joint Venture and Letter of Intent

On 26 August 2026, the Company's indirect wholly-owned subsidiary, Scientific & Industrial Instrumentation Pte Ltd ("SII"), entered into an unincorporated joint venture and commercial collaboration agreement with the Kimera Health group of companies for the joint marketing, distribution, registration and servicing of healthcare, laboratory and instrumentation products across Singapore, Malaysia and Indonesia. No capital contribution or consideration is payable by the Group. Concurrently, SII and the Company entered into a non-binding letter of intent in respect of a proposed acquisition of up to 51% of the Kimera Health entities, which remains subject to due diligence, valuation, definitive documentation and requisite approvals.

Collaboration agreement with GreenFish

On 14 October 2026, the Company's indirect wholly-owned subsidiary, Supratechnic (M) Sdn Bhd, entered into a collaboration agreement with GreenFish hf., an Icelandic fisheries technology company, for the exclusive distribution of an artificial intelligence-powered fishing application in Malaysia, Singapore and Indonesia. The collaboration involves the marketing, distribution and development of the application, commencing with a free pilot involving 50 fishermen in Malaysia over four to six months, with the commercial launch subject to the evaluation of the pilot results.

33. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 26 October 2026.

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Final Audit Report

2026-10-26

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