

**USP Group Limited**

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

**UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2022**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 1<sup>st</sup> QUARTER RESULTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

|   | Group                       |                             | Increase/<br>(Decrease) |
|---|-----------------------------|-----------------------------|-------------------------|
|   | Unaudited                   | Unaudited                   |                         |
|   | 3 months ended              |                             |                         |
|   | 30 June 2022<br>("Q1 2023") | 30 June 2021<br>("Q1 2022") |                         |
|   | S\$'000                     | S\$'000                     |                         |
| Revenue   | 9,462                       | 9,740                       | (278)                   |
| Cost of Sales                                       | (5,654)                     | (6,090)                     | (436)                   |
| Gross Profit  | 3,808                       | 3,650                       | (158)                   |
| Other (expense)/income, net (Note 1(a)(ii))         | (41)                        | (23)                        | NM                      |
| Selling and distribution expenses                   | (94)                        | (105)                       | NM                      |
| General and administrative expenses (Note 1(a)(ii)) | (3,035)                     | (2,526)                     | 509                     |
| Finance costs                                       | (213)                       | (266)                       | (53)                    |
| Profit before income tax from continuing operations | 425                         | 730                         | (305)                   |
| Income tax  | 48                          | (18)                        | 66                      |
| Profit for the period                               | 473                         | 712                         | (239)                   |
| Foreign currency translation differences            | (38)                        | 7                           | (45)                    |
| Total comprehensive profit for the period           | 435                         | 719                         | (284)                   |
| Profit/(loss) attributable to:                      |                             |                             |                         |
| Owners of the Company                               | 492                         | 722                         | 230                     |
| Non-controlling interests                           | (19)                        | (10)                        | NM                      |
|   | 473                         | 712                         | 239                     |
|   |                             |                             |                         |
| Total comprehensive profit/(loss) attributable to:  |                             |                             |                         |
| Owners of the Company                               | 455                         | 729                         | 274                     |
| Non-controlling interests                           | (19)                        | (10)                        | NM                      |
|   | 518                         | 719                         | 201                     |

"NM" denotes not meaningful

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

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

|                         | <b>Group</b>                        |                                     |
|-------------------------|-------------------------------------|-------------------------------------|
|                         | <b>S\$'000</b>                      |                                     |
|                         | <b>Unaudited</b>                    | <b>Unaudited</b>                    |
|                         | <b>3 months ended</b>               |                                     |
|                         | <b>30 June 2022<br/>("Q1 2023")</b> | <b>30 June 2021<br/>("Q1 2022")</b> |
|                         |                                     |                                     |
| Depreciation            | 466                                 | 489                                 |
| Professional fees       | 361                                 | 350                                 |
| Rental expenses         | 152                                 | 135                                 |
| Directors' Compensation | 10                                  | 75                                  |
| Staff costs             | 1,125                               | 752                                 |
| Utilities               | 168                                 | 102                                 |

Breakdown of other (expenses)/income, net

|   | <b>Group</b>                        |                                     |
|---|-------------------------------------|-------------------------------------|
|   | <b>S\$'000</b>                      |                                     |
|   | <b>Unaudited</b>                    | <b>Unaudited</b>                    |
|   | <b>3 months ended</b>               |                                     |
|   | <b>30 June 2022<br/>("Q1 2023")</b> | <b>30 June 2021<br/>("Q1 2022")</b> |
| Exchange loss, net                                | (89)                                | (163)                               |
| Loss on disposal of property, plant and equipment | -                                   | -                                   |
| Government grant                                  | 56                                  | 25                                  |
| Interest Income                                   | 9                                   | 17                                  |
| Others  | (17)                                | 98                                  |
|   | <b>(41)</b>                         | <b>(23)</b>                         |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | S\$'000       |               | S\$'000       |               |
|  | Unaudited     | Unaudited     | Unaudited     | Unaudited     |
|  | 30 June 2022  | 31 March 2022 | 30 June 2022  | 31 March 2022 |
| <b>Non-current assets</b>                                |               |               |               |               |
| Property, plant and equipment                            | 22,782        | 22,806        | 304           | 304           |
| Investment properties                                    | 28,500        | 28,500        | 2,500         | 2,500         |
| Investment in subsidiaries                               | -             | -             | 1,797         | 1,797         |
| Intangible assets  | 472           | 460           | -             | -             |
| Deferred tax assets                                      | 373           | 373           | -             | -             |
| <b>Total non-current assets</b>                          | <b>52,127</b> | <b>52,139</b> | <b>4,601</b>  | <b>4,601</b>  |
| <b>Current assets</b>                                    |               |               |               |               |
| Inventories  | 10,548        | 6,126         | -             | -             |
| Trade and other receivables                              | 6,347         | 5,801         | 10,582        | 882           |
| Tax receivable   | 288           | 59            | -             | -             |
| Cash and short-term deposits                             | 5,648         | 10,061        | 683           | 9,906         |
| <b>Total current assets</b>                              | <b>22,831</b> | <b>22,047</b> | <b>11,265</b> | <b>10,788</b> |
| <b>Total assets</b>                                      | <b>74,958</b> | <b>74,186</b> | <b>15,866</b> | <b>15,389</b> |
| <b>Current liabilities</b>                               |               |               |               |               |
| Trade and other payables                                 | 5,540         | 5,741         | 5,005         | 5,144         |
| Contract liabilities                                     | 485           | 209           | -             | -             |
| Borrowings   | 17,191        | 16,314        | 1,108         | 1,108         |
| Income tax payable                                       | 94            | 48            | -             | -             |
| <b>Total current liabilities</b>                         | <b>23,310</b> | <b>22,312</b> | <b>6,113</b>  | <b>6,252</b>  |
| <b>Non-current liabilities</b>                           |               |               |               |               |
| Deferred tax liabilities                                 | 73            | 191           | -             | -             |
| Other payables   | 298           | 318           | -             | -             |
| Borrowings   | 21,239        | 21,743        | 162           | 162           |
| Provisions   | 191           | 191           | -             | -             |
| Liabilities for post-employment benefits                 | -             | -             | -             | -             |
| <b>Total non-current liabilities</b>                     | <b>21,801</b> | <b>22,443</b> | <b>162</b>    | <b>162</b>    |
| <b>Total liabilities</b>                                 | <b>45,111</b> | <b>44,755</b> | <b>6,275</b>  | <b>6,414</b>  |
| <b>Equities</b>  |               |               |               |               |
| Share capital  | 51,172        | 51,172        | 51,172        | 51,172        |
| Treasury shares  | (99)          | (99)          | (99)          | (99)          |
| Other reserves   | 4,759         | 4,797         | (355)         | (355)         |
| Accumulated losses                                       | (25,933)      | (26,406)      | (41,127)      | (41,743)      |
| <b>Total equity attributable to owners of the parent</b> | <b>29,899</b> | <b>29,464</b> | <b>9,591</b>  | <b>8,975</b>  |
| Non-controlling interests                                | (52)          | (33)          | -             | -             |
| <b>Total equity</b>                                      | <b>29,847</b> | <b>29,431</b> | <b>9,591</b>  | <b>8,975</b>  |
| <b>Total equity and liabilities</b>                      | <b>74,958</b> | <b>74,186</b> | <b>15,866</b> | <b>15,389</b> |

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

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

| As at 30 June 2022 |           | As at 31 March 2022 |           |
|--------------------|-----------|---------------------|-----------|
| Secured            | Unsecured | Secured             | Unsecured |
| S\$'000            | S\$'000   | S\$'000             | S\$'000   |
| 17,575             | 1,390     | 15,031              | 1,283     |

**Amount repayable after one year**

| As at 30 June 2022 |           | As at 31 March 2022 |           |
|--------------------|-----------|---------------------|-----------|
| Secured            | Unsecured | Secured             | Unsecured |
| S\$'000            | S\$'000   | S\$'000             | S\$'000   |
| 18,624             | 4,279     | 17,255              | 4,488     |

**Details of any collateral**

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

- 1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | Group          |              |
|---|----------------|--------------|
|   | S\$'000        |              |
|   | Unaudited      | Unaudited    |
|   | 3 months ended |              |
|   | 30 June 2022   | 30 June 2021 |
| <b>Operating activities:</b>  |                |              |
| Profit before tax from continuing operations                        | 425            | 729          |
| Adjustments for:  |                |              |
| Depreciation of property, plant and equipment                       | 466            | 489          |
| Interest income   | (9)            | (17)         |
| Interest expenses, net  | 213            | 266          |
| <b>Operating cash flows before working capital changes</b>          | <b>1,095</b>   | <b>1,467</b> |
| Increase in trade receivables and prepayments                       | (813)          | (602)        |
| Decrease in inventories   | (4,422)        | 366          |
| Decrease in trade and other payables                                | (63)           | (292)        |
| <b>Cash flows (used in)/generated from operations</b>               | <b>(4,203)</b> | <b>939</b>   |
| Income tax paid   | 75             | (17)         |
| <b>Net cash flows (used in)/generated from operating activities</b> | <b>(4,128)</b> | <b>922</b>   |
| <b>Investing activities</b>   |                |              |
| Purchase of property, plant and equipment                           | (442)          | (17)         |
| Acquisition of intangible asset                                     | (12)           | -            |
| Interest received   | 9              | 17           |
| <b>Net cash flows used in investing activities</b>                  | <b>(445)</b>   | <b>-</b>     |
| <b>Financing activities:</b>  |                |              |
| Net repayment of loans and borrowings                               | 283            | (598)        |
| Advances of loan from third party                                   | 90             | -            |
| Interest paid, net  | (213)          | (268)        |
| <b>Net cash flows generated from/(used in) financing activities</b> | <b>160</b>     | <b>(866)</b> |
| Net increase in cash and cash equivalents                           | (4,413)        | 56           |
| Cash and cash equivalents at beginning of period                    | 10,061         | 1,345        |
| <b>Cash and cash equivalents at end of period</b>                   | <b>5,648</b>   | <b>1,401</b> |

**Cash and cash equivalents comprise:**

|  | Group        |              |
|--|--------------|--------------|
|  | S\$'000      |              |
|  | Unaudited    | Unaudited    |
|  | 30 June 2022 | 30 June 2021 |
| Cash on hand and at bank   | 2,890        | 2,158        |
| Fixed deposits   | 2,758        | 2,707        |
| <b>Cash and cash equivalents as per statement of financial position</b>      | <b>5,648</b> | <b>4,865</b> |
| Less: Fixed deposits pledged   | (2,758)      | (2,707)      |
| Less: Bank overdraft   | (984)        | (757)        |
| <b>Cash and cash equivalents as per consolidated statement of cash flows</b> | <b>1,906</b> | <b>1,401</b> |

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

| Group   | Share capital | Treasury Shares | Other reserves | Accumulated losses | Equity attributable to owners of the Company | Non-controlling interests | Total Equity |
|---|---------------|-----------------|----------------|--------------------|--|---------------------------|--------------|
|   | S\$'000       | S\$'000         | S\$'000        | S\$'000            | S\$'000                                      | S\$'000                   | S\$'000      |
| <b>Current year:</b>                            |               |                 |                |                    |  |                           |              |
| Opening Balance at 1 April 2022                 | 51,172        | (99)            | 4,797          | (26,406)           | 29,464                                       | (33)                      | 29,431       |
| Profit for the financial year                   | -             | -               | -              | 473                | 473  | (19)                      | 454          |
| Other comprehensive loss for the financial year | -             | -               | (38)           | -                  | (38)   | -                         | 38           |
| Closing balance at 30 June 2022                 | 51,172        | (99)            | 4,759          | (25,933)           | 29,899                                       | (52)                      | 29,847       |
|   |               |                 |                |                    |  |                           |              |
| <b>Previous year:</b>                           |               |                 |                |                    |  |                           |              |
| Opening Balance at 1 April 2021                 | 51,172        | (99)            | 4,701          | (33,665)           | 22,109                                       | (12)                      | 22,097       |
| Profit for the financial year                   | -             | -               | -              | 722                | 722  | (10)                      | 712          |
| Other comprehensive loss for the financial year | -             | -               | (7)            | -                  | (7)  | -                         | (7)          |
| Closing balance at 30 June 2021                 | 51,172        | (99)            | 4,694          | (32,943)           | 22,824                                       | (22)                      | 22,802       |

| Company                               | Share capital | Treasury Shares | Other Reserves | Accumulated losses | Total Equity |
|---------------------------------------|---------------|-----------------|----------------|--------------------|--------------|
|                                       | S\$'000       | S\$'000         | S\$'000        | S\$'000            | S\$'000      |
| <b>Current year:</b>                  |               |                 |                |                    |              |
| Opening balance at 1 April 2022       | 51,172        | (99)            | (355)          | (41,743)           | 8,975        |
| Total comprehensive loss for the year | -             | -               | -              | 616                | 616          |
| Closing balance as at 30 June 2022    | 51,172        | (99)            | (355)          | (41,127)           | 9,591        |
|                                       |               |                 |                |                    |              |
| <b>Previous year:</b>                 |               |                 |                |                    |              |
| Opening balance at 1 April 2021       | 51,172        | (99)            | (355)          | (43,864)           | 6,854        |
| Total comprehensive loss for the year | -             | -               | -              | 2,121              | 2,121        |
| Closing balance as at 30 June 2021    | 51,172        | (99)            | (355)          | (41,743)           | 8,975        |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### Ordinary Shares

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

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

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

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

#### Performance Shares

Except for the 7.4 million shares referred to above, there were no performance shares granted as at 30 June 2022 (30 June 2021: Nil).

#### Treasury Shares

As of 30 June 2022, the Company has 634,600 treasury shares (30 June 2021: 634,600) as of the end of the reported period.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceeding year.**

|  | 30 June 2022 | 31 March 2021 |
|--|--------------|---------------|
| Total number of issued ordinary shares excluding treasury shares | 90,287,403*  | 90,287,403*   |

\* This excludes the 7.4m number of shares issued to Dr Lim Boh Soon. See note 1 (d)(ii) above.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There has been no movement in the Company's treasury shares during the period.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

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

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

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Yes.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Changes in the accounting policies have been taken into account as at 31 March 2022.

- 6. Profits/ (losses) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|  | Group        |              |
|--|--------------|--------------|
|  | 30 June 2022 | 30 June 2021 |
| Profits/ (losses) per ordinary share from continuing operations of the group, after deducting any provision for preference dividends (in SGD cents): |              |              |
| (a) Based on weighted average number of ordinary shares on issue; and  | 0.52         | 0.66         |
| Weighted average number of ordinary shares for basic profits/ (losses) per share computation   | 90,287,403   | 90,287,403   |
| (b) On a fully diluted basis   | 0.52         | 0.66         |
| Weighted average number of ordinary shares adjusted for the effect for dilution  | 90,287,403   | 90,287,403   |

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

|   | Group        |               | Company      |               |
|---|--------------|---------------|--------------|---------------|
|   | 30 June 2022 | 31 March 2022 | 30 June 2022 | 31 March 2022 |
| Net asset value per ordinary share based on issued share capital at the end of the respective periods (in SGD cents): | 33.09        | 82.17         | 17.57        | 14.94         |
| No. of ordinary shares used in computing net asset value  | 90,287,403   | 90,287,403    | 90,287,403   | 90,287,403    |



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **REVIEW OF PERFORMANCE (1Q2023 VS 1Q2022)**

##### **Revenue**

Group revenue decreased by S\$278k from S\$9.74 million to S\$9.46 million in 1QFY2023 or about 3% mainly due to the decrease in marine sector by approximately S\$778,000 as a result of shortage of stocks (outboard motor) from our suppliers despite the higher book order received from customers from both Singapore and Malaysia region. This has resulted in the sales achieved was approximately 5% below the forecasted sales. The decrease in revenue is alleviated by the increase in recycling of waste oil segment and engineering design segment of S\$310,000 and \$108,000 respectively. The increase in waste oil segment is achieved by upward adjustment in the selling price of biodiesel and the increase in the volume of biodiesel produced, by introducing a second phase of waste oil suppression. Whereas the Group, through its' newly incorporated subsidiary, Darts Engineering Pte Ltd under engineering design segment has achieved sales of \$108,000.

##### **Cost of sales**

The cost of sales of the Group decreased by S\$436,000 from S\$6 million to S\$5.7 million was largely due to the disruption of supply chain of the main supplier that is causing the shortage of stocks.

##### **General and Administrative**

Administrative expenses increased by S\$509,000 mainly due to the increase in staff cost by S\$373,000 which is due to the expansion of marine segment and also to cater for the operation for waste oil recycling as the production is at full capacity. Other miscellaneous overheads remain fairly consistent as compared to Q1FY2022.

##### **Finance Costs**

The decrease in finance costs from S\$266,000 in Q1FY2022 to S\$213,000 in Q1FY2023 was due to the progressive repayment of loan principal. This will slowly improve on the gearing ratio of the Company by clearing off the defaulted loans that was neglected by previous management.

##### **Profit After Tax**

The Group recorded a profit of S\$473,000 in Q1FY2023 as compared to S\$712,000 in Q1FY2022. This drop in net profit of S\$239,000 was mainly due to the shortage of stock for the marine sector.

#### **REVIEW OF FINANCIAL POSITION (Q1 ending 30 June 2022 VS FYE 31 March 2022)**

##### **Non-Current Assets**

Under non-current assets, the decrease of S\$12,000 are mainly contributed by the annual depreciation charges of \$466,000 and is alleviated by the purchase of property, plant and equipment of S\$442,000, mainly the purchases of branch shop in Malaysia of S\$400,000.

##### **Current Assets**

Current asset increased by S\$784,000 from S\$22.04 million to S\$22.83 million mainly due to major stock purchase by the Group and is indicated by the increase in inventory from S\$6.1 million to S\$10.5 million.

On the other hand, the trade and other receivables increased by S\$606,000 mainly due to higher sales achieved towards the end of the first quarter FY2023.

##### **Non-Current Liabilities**

Non-current liabilities decreased by S\$642,000 due to the reclassification of the loan's instalment due within next 12 months to current liabilities of approximately S\$504,000, followed by another reduction in deferred tax assets of S\$118,000 due to the reversal of deferred tax following the incremental depreciation take up at consolidated level.

##### **Current Liabilities**

Current liabilities increased by S\$998,000 due to the drawdown of overdraft facility of S\$984,000 which was utilized by the Group and S\$504,000 from the reclassification of the loan's instalment due within next 12 months. The increase is alleviated by the repayment of loans to the Group's principal banker of approximately S\$260,000 on a monthly basis for Q1FY2023.

9. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **Cash Flow**

During 1Q FY2020, cash and cash equivalents decreased from S\$10.06 million to S\$5.65 million due to the major purchases towards the first quarter of FY2023 in order to fulfill the book order on hand. Hence, resulting in a lower cash position for the first quarter and is indicated by the increase in inventory level.

Net cash inflows from operating activities amounted to S\$4.13 million after accounting for a positive change in working capital of S\$1 million are experiencing a net cash outflow of S\$1.19 million from the increase in credit sales by S\$813,000 and significant purchases of inventories amounting to S\$4.4 million.

Net cash outflows from investing activities amounted to S\$445,000 primarily for the purchase of shophouse in Malaysia for the expansion of business operation.

Net cash inflows from financial activities amounted to S\$160,000 consist of the net drawdown of borrowing by S\$283,000 and is alleviated by the payment of interest expense of S\$213,000.

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

Not applicable.

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

#### **Distributorship**

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

#### **Fire Terminator**

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

#### **Current litigations**

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

- A. Litigations where the Company is a Plaintiff:
1. HC Suit No. S328/2020 in relation to a sale and purchase agreement of Koon Cheng Development Pte Ltd
  2. HC Suit No. S292/2021 in relation to a loan agreement between Mr Oon Koon Cheng and the Company and breach of fiduciaries duties and dishonest/known assistance
  3. HC Suit No. S855/2020 in relation to the Circular issued for the Company's Extraordinary General Meeting scheduled on 10 February 2020
  4. HC Suit No. S88/2021 in relation to the acquisition of three (3) Eco Fuel Production Plants
  5. HC Suit No. S130/2021 in relation to the breach of fiduciaries duties

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

**Current litigations (cont'd)**

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

B. Litigations where the Company is a Defendant:

1. HC Suit No. S612/2020 in relation to Mr Oon Koon Cheng's claim for conspiracy
2. BC No. BC 60/2022 in relation to a disputed invoice rendered by Fervent

- (a) In respect of B(2), please refer to the Company's announcements dated 25 March 2022 and 23 May 2022.  
 (b) In respect of other litigations, as the litigations are still ongoing, quantification of the financial impact is not available at this point in time.

12. **Dividend**

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

Any dividend declared for the current financial period reported on?

No dividend has been declared.

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

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

None.

**(16) Date payable**

**(16) Not applicable Books closure date**

Not applicable.

13. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 30 June 2022.

14. **If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have any IPT mandate.

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

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

16. **Negative Assurance Confirmation**

We, on behalf of the Board of Directors of the Company, confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim financial results for the quarter ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tanoto Sau Ian  
 CEO, Executive Director and Managing Director  
 8 August 2022