

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

**UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 3<sup>RD</sup> QUARTER RESULTS**

1(a)(i) 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					
	Unaudited					
	3 months ended			9 months ended		
	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")	Increase/ (Decrease)	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	10,402	10,658	(2.4)	30,775	25,177	22.2
Cost of Sales	(6,387)	(6,923)	(7.7)	(19,142)	(16,139)	18.6
<b>Gross Profit</b>	<b>4,015</b>	<b>3,735</b>	7.5	<b>11,633</b>	<b>9,038</b>	28.7
Other gains and losses (see Note 1(a)(ii))	(255)	334	NM	337	524	(35.7)
Selling and distribution expenses	(188)	(161)	16.8	(425)	(385)	10.4
General and administrative expenses (see Note 1(a)(ii))	(2,949)	(1,869)	57.8	(8,477)	(5,997)	41.4
Finance costs	(234)	(333)	(29.7)	(744)	(935)	(20.4)
<b>Profit before tax</b>	<b>389</b>	<b>1,706</b>	(77.2)	<b>2,324</b>	<b>2,245</b>	3.5
Income tax	(133)	(31)	NM	(183)	(76)	NM
<b>Profit from continuing operations</b>	<b>256</b>	<b>1,675</b>	(84.7)	<b>2,141</b>	<b>2,169</b>	(1.3)
<b>Profit/(Loss) from discontinued operations</b>	-	24	NM	-	(10)	NM
<b>Profit for the period</b>	<b>256</b>	<b>1,699</b>	(84.9)	<b>2,141</b>	<b>2,159</b>	(0.8)
<b>Profit/(loss) for the period attributable to:</b>						
Owners of the Company	272	1,696	(98.2)	2,154	2,158	(0.3)
Non-controlling interests	(16)	3	NM	(13)	1	NM
<b>Total comprehensive profit for the period</b>	<b>256</b>	<b>1,699</b>	(99.1)	<b>2,141</b>	<b>2,159</b>	(0.8)

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

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

	Group			
	Unaudited			
	3 months ended		9 months ended	
	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")
	S\$'000			
Depreciation	489	554	1,492	1,567
Professional fees	569	581	1,401	1,442
Rental expenses	143	(16)	413	193
Director compensation	81	103	242	329
Staff costs	1,332	900	3,202	2,774

Breakdown of other income/(expenses), net

	Group			
	Unaudited			
	3 months ended		9 months ended	
	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")	31/12/2021 ("Q3 FY2022")	31/12/2020 ("Q3 FY2021")
	S\$'000			
Exchange (loss)/gain, net	(196)	369	(87)	216
Bad debt written off	-	(59)	-	-
Gain/(loss) on disposal of property, plant and equipment	4	(55)	4	(1)
Loss on derivative financial instruments	-	(1)	-	(1)
Reversal of Inventory written down	-	100	-	100
Write off of property, plant and equipment	-	(39)	-	(39)
Impairment of property, plant and equipment	-	(54)	-	(54)
Government Grants	7	-	41	-
Others	42	73	379	303
	<b>(143)</b>	<b>334</b>	<b>337</b>	<b>524</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	Audited	Unaudited	Audited
	31/12/2021	31/03/2021	31/12/2021	31/03/2021
<b>Non-current assets</b>				
Property, plant and equipment	23,729	25,144	356	376
Investment properties	26,000	26,000	-	-
Investments in subsidiaries	-	-	1,197	1,197
Intangible assets	459	459	-	-
Deferred tax asset	156	368	-	-
<b>Total non-current assets</b>	<b>50,344</b>	<b>51,971</b>	<b>1,553</b>	<b>1,573</b>
<b>Current assets</b>				
Cash and cash equivalents	4,192	4,970	8	350
Trade and other receivables	5,408	5,227	9,653	9,614
Inventories	9,059	9,777	-	-
<b>Total current assets</b>	<b>18,659</b>	<b>19,974</b>	<b>9,661</b>	<b>9,964</b>
<b>Total assets</b>	<b>69,003</b>	<b>71,945</b>	<b>11,214</b>	<b>11,537</b>
<b>Current liabilities</b>				
Trade and other payables	4,416	5,881	3,728	4,398
Contract liabilities	13	904	-	-
Derivative financial instruments	-	-	-	-
Tax payable	94	82	-	-
Borrowings	14,033	17,157	123	123
<b>Total current liabilities</b>	<b>18,556</b>	<b>24,024</b>	<b>3,851</b>	<b>4,521</b>
<b>Non-current liabilities</b>				
Other payables	659	274	-	-
Deferred tax liabilities	1,481	1,481	-	-
Borrowings	23,903	23,772	162	162
Provision	246	191	-	-
Liabilities for post-employment benefits	-	106	-	-
<b>Total non-current liabilities</b>	<b>26,289</b>	<b>25,824</b>	<b>162</b>	<b>162</b>
<b>Total liabilities</b>	<b>44,845</b>	<b>49,848</b>	<b>4,013</b>	<b>4,683</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	51,172	51,172	51,172	51,172
Treasury shares	(99)	(99)	(99)	(99)
Other reserves	4,634	4,701	(355)	(355)
Accumulated losses	(31,524)	(33,665)	(43,517)	(43,864)
<b>Total equity attributable to owners of the parent</b>	<b>24,183</b>	<b>22,109</b>	<b>7,201</b>	<b>6,854</b>
Non-controlling interests	(25)	(12)	-	-
<b>Total equity</b>	<b>24,183</b>	<b>22,097</b>	<b>7,201</b>	<b>6,854</b>
<b>Total equity and liabilities</b>	<b>69,003</b>	<b>71,945</b>	<b>11,214</b>	<b>11,537</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 31/12/2021		As at 31/03/2021	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14,033	-	17,157	-

**Amount repayable after one year**

As at 31/12/2021		As at 31/03/2021	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
23,947	-	23,772	-

**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			
	3 months ended		9 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>Operating activities:</b>				
Profit before tax from continuing operations	147	1,706	2,324	2,245
Profit / (loss) before tax from discontinued operations	-	24	-	(10)
Adjustments for:				
Depreciation	606	554	1,492	1,567
Fair value loss on marketable securities	-	130	-	-
(Gain) / loss on disposal of property, plant and equipment	(4)	55	(4)	1
Interest income	(18)	(65)	(52)	(95)
Loss on derivative financial instruments	-	1	-	1
Reversal of Inventory written down	-	100	-	100
Interest expenses	235	410	744	1,165
Write off of property, plant and equipment	-	39	-	39
Impairment of property, plant and equipment	-	54	-	54
Government Grant	(7)	-	(41)	-
Bad debts written off	-	59	-	-
Foreign currency translation	(375)	95	(55)	882
<b>Operating cash flows before working capital changes</b>	<b>584</b>	<b>3,162</b>	<b>4,408</b>	<b>5,949</b>
Decrease/(increase) in receivables and prepaid operating expenses	1,099	2,600	(180)	3,530
Decrease in inventories	607	3,560	718	2,390
Decrease in payables	(2,125)	(1,146)	(1,972)	(445)
<b>Cash flows generated from operations</b>	<b>165</b>	<b>8,176</b>	<b>2,974</b>	<b>11,424</b>
Income tax (paid)/refund	(131)	200	39	105
<b>Net cash flows generated from operating activities</b>	<b>34</b>	<b>8,376</b>	<b>3,013</b>	<b>11,529</b>
<b>Investing activities:</b>				
Purchase of property, plant and equipment	37	682	(109)	585
Proceeds from disposal of property, plant and equipment	-	13	-	13
Proceeds from disposal of investment	-	188	-	188
Interest income received	18	65	52	95
Proceeds from divestment of quoted	-	(1,036)	-	-
<b>Net cash flows generated from/(used in) investing activities</b>	<b>55</b>	<b>(88)</b>	<b>(57)</b>	<b>881</b>
<b>Financing activities:</b>				
Net (repayment)/proceeds of loan, borrowings and trust receipts	(334)	1,250	(2,081)	1,250
Changes in payables, non-current	-	706	-	706
Increase in fixed deposit pledged	(39)	175	104	175
Interest paid, net	(234)	(365)	(744)	(1,120)
Changes in finance lease liabilities, net	31	(9,387)	(139)	(11,628)
<b>Net cash flows used in from financing activities</b>	<b>(576)</b>	<b>(7,621)</b>	<b>(2,860)</b>	<b>(10,617)</b>
Net (decrease)/increase in cash and cash equivalents	(487)	667	96	1,793
Cash and cash equivalents at beginning of period	1,928	2,290	1,345	1,164
<b>Cash and cash equivalents as per statement of financial position</b>	<b>1,441</b>	<b>2,957</b>	<b>1,441</b>	<b>2,957</b>

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. (Cont'd)

Cash and cash equivalents comprise:

	Group	
	S\$'000	
	Unaudited	Unaudited
	31/12/2021	31/12/2020
Cash on hand and at bank	1,546	2,752
Fixed deposits	2,646	2,509
<b>Cash and cash equivalents as per statement of financial position</b>	<b>4,192</b>	<b>5,261</b>
Less: Fixed deposits pledged	(2,646)	(2,509)
Less: Bank overdraft	(105)	-
Add: Cash from discontinued operations	-	205
<b>Cash and cash equivalents at end of period</b>	<b>1,441</b>	<b>2,957</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 profits/ (losses)	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2021</b>	<b>51,172</b>	<b>(99)</b>	<b>4,701</b>	<b>(33,665)</b>	<b>22,109</b>	<b>(12)</b>	<b>22,097</b>
Profit/(Loss) for the period				2,154	2,154	(13)	2,141
Other comprehensive loss			(67)		(67)		(67)
<b>Balance at 31 December 2021</b>	<b>51,172</b>	<b>(99)</b>	<b>4,634</b>	<b>(31,524)</b>	<b>24,183</b>	<b>(25)</b>	<b>24,158</b>
<b>Balance at 1 April 2020, Restated</b>	<b>51,172</b>	<b>(99)</b>	<b>4,928</b>	<b>(32,415)</b>	<b>23,586</b>	<b>7</b>	<b>23,593</b>
Profit for the period	-	-	-	2,159	2,159	77	2,236
Other comprehensive loss	-	-	782	-	782	-	782
<b>Balance at 31 December 2020</b>	<b>51,172</b>	<b>(99)</b>	<b>5,710</b>	<b>(30,256)</b>	<b>26,527</b>	<b>84</b>	<b>26,611</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. (Cont'd)

Company	Share capital	Treasury shares	Other reserves	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Current quarter – Q3 FY2022</b>					
Balance at 1 April 2021	51,172	(99)	(355)	(43,864)	6,854
Profit for the period	-	-	-	347	347
Balance at 31 December 2021	51,172	(99)	(355)	(43,517)	7,201
<b>Previous quarter – Q3 FY2021</b>					
Balance at 1 April 2020	51,172	(99)	(355)	(39,263)	11,455
Loss for the period	-	-	-	(148)	(148)
Balance at 31 December 2020	51,172	(99)	(355)	(39,411)	11,307

- 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 the Company’s former Chief Executive Officer (“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 former CEO’s resignation. A substantial shareholder had obtained an injunction against the former CEO from exercising his rights to these 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. Both legal actions have been fixed for trial on 14, 18, 19, 29 and 21 January 2022 at 10am.

Performance Shares

Except for the 7.4 million shares referred to above, there were no performance shares granted as at 31 December 2021 (31 December 2020: Nil).

Treasury Shares

As of 31 December 2021, the Company has 634,600 treasury shares (31 December 2020: 636,400) 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 preceding year.

	31/12/2021	31/03/2020
Total number of issued ordinary shares excluding treasury shares	90,287,403*	90,287,403

\* This excludes the 7.4 million number of shares issued to Dr Lim. 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 2021.

**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	
	31/12/2021	31/12/2020
Losses per ordinary share from the group, after deducting any provision for preference dividends (in SGD):		
Based on weighted average number of ordinary shares on issue; and		
- continuing operations	2.37	2.39
- discontinuing operations	-	0.001
Weighted average number of ordinary shares for basic profits/ (losses) per share computation	90,287,403	90,287,403
On a fully diluted basis and continuing operations	2.37	2.39
On a fully diluted basis and discontinuing operations	-	0.001
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	
	31/12/2021	31/03/2021	31/12/2021	31/03/2021
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in SGD cents):	26.38	24.47	7.97	7.59
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 (Q3 FY2022 VS Q3 FY2021)**

##### **Revenue**

Group revenue increased by S\$5.6 million from S\$25.1 million in 3QFY2021 to S\$30.7 million in 3QFY2022 or about 22% was mainly due to the contribution by Malaysian subsidiary of S\$4 million, as a result of clinching new government contracts and increase in market demand around Malaysia and Singapore region. There were also increase in revenue contributions from Singapore's marine segment and recycling of waste oil segment of S\$1.1 million and S\$645,000 respectively from 3QFY2021 to 3QFY2022. The increase in revenue was partially offset by declines in other business sectors impacted by the Covid-19 pandemic.

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

The cost of sales of the Group increased by S\$3.3 million from S\$16.1 million to S\$19.4 million was largely due to the increase in stockout and holding costs as a result of delayed in shipping and delivery amidst of the outbreak of Covid-19 pandemic, restraining the resources available on the freight inwards and outwards. Apart from that, the Group has also incurred higher cost of sales due to the increasing price of fuel for transportation in FY2022. This has diluted the gross profit margin of the Group in Q1FY2022. However, there was an increase in gross profit margin of 1.9% from 35.9% in Q3FY2021 to 37.8% in Q3FY2022.

##### **Other gains and losses**

In Q3FY2022, the Group recorded an increase in other gains of \$187,000 which was mainly due to the decrease in net exchange loss of S\$86,000 and other government grant of S\$100,000 received in Q3FY2021.

##### **Selling and Distribution**

Selling and distribution expenses increased 10% in Q3FY2022 as compared to Q3FY2021 which was in line with increase in revenue over the same period.

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

Administrative expenses increased by S\$2.4 million which was mainly due to increase in depreciation of S\$276,000, rental expenses of S\$220,000, staff costs of S\$428,000. The Group has been recovering and expected to grow further, hence the expansion requires additional manpower and other general expenses to support the growth of the Group's business.

##### **Finance Costs**

The decrease in finance costs from S\$935,000 in Q3FY2021 to S\$744,000 in Q3FY2022 was due to loan repayment of approximately S\$2 million to the bank. This will slowly improve on the gearing ratio of the Company by repaying the defaulted loans that was neglected by previous management.

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

The Group recorded a profit after tax of S\$2.1 million in Q3FY2022 as compared to S\$2.2 million in Q3FY2021 with a slight decrease in net profit. However, the Group is expected to achieve higher net profit along with the expansion of its business operation. The operation of other segments is recouping and expected to have a stronger financial position in coming years.

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 FINANCIAL POSITION AND CASH FLOW STATEMENT**

### **Non-current Assets**

The decrease in the fixed assets of Property, Plant and Equipment was mainly due to annual depreciation of property, plant and equipment of S\$1.4 million and the decrease of S\$212,000 in deferred tax asset.

### **Current Assets**

Due to disruption of supply chain as a result of Covid-19 pandemic, the Group's inventory decreased by S\$718,000 whilst cash position decreased by S\$778,000. This was due to the delay in logistics which increases the lead time to receive the stock ordered to the extent of 8 months. Also, FY2022 has been a record-breaking year for the sales of outboard motors and the spare parts for the Group. The Group has been reinvesting the funds received into stock purchase, thereby resulting a lower inventory level and lesser cash inflow in Q3FY2022.

On the other hand, trade and other receivables increased by S\$180,000 were mainly due to increase in deposit placed with the supplier of the Group to allow the Group to increase its credit limit for the purchases from the supplier to enable the Group to place more order of stocks in order to cope with the increasing trend for the demand for marine equipment in Malaysia and Singapore markets.

### **Current Liabilities**

The decrease in current liabilities was contributed by the repayment to suppliers of S\$1.5 million and recognition of sales from the advance payments received from the customers amounting to S\$891,000 as most of the sales has been delivered in Q1FY2022. Also, the Group has pared down its external borrowings by S\$3.1 million.

### **Non-Current Liabilities**

Non-current liabilities increased was mainly due to increase in other payables of S\$385,000 from the rental deposit received from the dormitory.

As at 31 December 2021, the Group had outstanding bank loan and trade financing of S\$4,349,000 (31 March 2021: S\$4,349,000) and S\$7,858,000 (31 March 2021: S\$8,352,000) respectively that were defaulted since 2019 and classified as current liabilities. Nonetheless, the Group had been making constructive repayment for trade financing of S\$494,000 for the quarter ended 30 September 2021.

### **Cash Flow**

During 3Q FY2022, cash and cash equivalents (after taking into account the effects of currency translation) rose from \$96,000 to S\$1.4 million, driven by net cash inflows from operating activities and mostly offset by net cash outflows from investing and financing activities.

Net cash inflows from operating activities amounted to S\$3 million after accounting for a positive change in working capital of S\$4.4 million are experiencing a cash outflow. This was mainly due to the payments to suppliers of S\$1.9 million from the operations.

Net cash outflows from investing activities amounted to S\$57,000 comprised of the acquisition of property, plant and equipment of S\$109,000 and is alleviated by the interest income received of S\$52,000.

Net cash outflows from financial activities amounted to S\$2.8 million primarily for the repayment of borrowings and the corresponding interest expense.

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

Not applicable.

**10. 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 continued to outperform itself. The Group will continue to focus its operation in Malaysia and take out necessary measure to reduce its operating expenses in Indonesia.

**Recycling of waste oil**

The proposed disposal of Biofuel Research Pte Ltd ("**Biofuel Research**") with AJ Jetting was terminated. On 23 August 2021, the Company entered into a Deed of Settlement with AJ Jetting in relation to the termination. The Group has since then proceeded to explore various options to ensure viability of Biofuel Research's operations. The Group has, through its research and development team, commenced and will continue to explore various projects under Biofuel Research.

**Property Investments**

Despite the ongoing Covid-19 pandemic, the occupancy rate of the Group's dormitory business has been consistently above 90%.

**Certified On-the-Job Training Centre**

Supratechnic Pte Ltd ("**Supra**") has successfully applied to be a Certified On-the-Job Training Centre ("**COJTC**") under the Institute of Technical Education's ("**ITE**") COJTC Scheme on 17 December 2021. The Group will work closely with ITE to build a smooth, structured and effective On-the-Job system.

**Current litigations**

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

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

1. High Court ("**HC**") Suit No. S116/2019 in relation to the return of 7.4 million shares issued to Dr Lim<sup>1</sup>
2. HC Suit No. S328/2020 in relation to a sale and purchase agreement of Koon Cheng Development Pte Ltd
3. HC Suit No. S292/2021 in relation to a loan agreement between Mr Oon Koon Cheng and the Company
4. HC Suit No. S855/2020 in relation to the Circular issued for the Company's Extraordinary General Meeting on 10 February 2020
5. HC Suit No. S88/2021 in relation to the acquisition of three (3) Eco Fuel Production Plants
6. HC Suit No. S130/2021 in relation to the breach of fiduciaries duties
7. Originating Summons ("**OS**") No. OS1270/2021 in relation to disputed invoices rendered by Fervent Chambers LLC ("**Fervent**") to the Company.

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

1. HC Suit No. S115/2019 in relation to the 7.4 million shares awarded to Dr Lim<sup>2</sup>
2. HC Suit No. S612/2020 in relation to Mr Oon Koon Cheng's claim for conspiracy
3. Bill of Costs ("**BC**") No. BC 77/2021 in relation to a disputed invoice rendered by Fervent
4. BC No. BC 81/2021 in relation to a disputed invoice rendered by Fervent
5. BC No. BC 82/2021 in relation to a disputed invoice rendered by Fervent
6. BC No. BC 83/2021 in relation to a disputed invoice rendered by Fervent
7. BC No. BC 100/2021 in relation to a disputed invoice rendered by Fervent
8. BC No. BC 101/2021 in relation to a disputed invoice rendered by Fervent

<sup>1 & 2</sup> Please refer to Paragraph 1(d)(ii) above for more information.

- (a) In respect of A(1) and B(1), please refer to the Company's announcements dated 20 February 2022 and 25 March 2022.
- (b) In respect of A(7), please refer to the Company's announcement dated 25 March 2022.
- (c) In respect of B(3) to B(8), please refer to the Company's announcements dated 16 November 2021, 19 November 2021, 25 November 2021 and 4 December 2021.
- (d) In respect of other litigations, as the litigations are still ongoing, quantification of the financial impact is not available at this point in time.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No dividend has been declared.

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

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 December 2021.

**13. 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.

**14. 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.

**15. Negative Assurance Confirmation**

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of USP Group Limited which may render these interim financial results for the quarter ended 31 December 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tanoto Sau Ian  
CEO, Executive Director and Managing Director  
31 March 2022