



Moving Forward

Towards Change

USP USP Group Limited

ANNUAL REPORT 2015

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ABOUT USP

The Company was incorporated in Singapore on 21 July 2004 under the name of Unionmet (Singapore) Pte Ltd and adopted the current name on 6 December 2006.

In 2007, Unionmet (Singapore) Pte Ltd converted into a public limited company Unionmet (Singapore) Limited and successfully listed on Singapore Exchange Securities Trading Limited.

In February 2014, as part of the Group's continuing corporate strategy to provide shareholders with diversified returns and long term growth, the Group decided to diversify its business to include the Property Development Business and the Oil Blending Business.

On 14 March 2014, Unionmet (Singapore) Limited entered into a sale and purchase agreement to dispose Unionmet Holdings Limited excluding Liuzhou Union Zinc Industry Co., Ltd.

In June 2014, two wholly-owned subsidiaries were established in Singapore, namely USP Industrial Pte Ltd ("USPI") and USP Properties Pte Ltd ("USPP"). The principal activity of USPI is related to blending and distribution of diesel and engine oil. The principal activity of USPP is related to property development, which includes the business of property holding, development, management and other related property activities with a focus on the residential and commercial sectors in Singapore.

In October 2014, USP Properties Pte Ltd ("USPP") has subscribed for 900 new ordinary shares in the capital of Cluny Home Development Pte Ltd ("CHDPL"). Following the aforesaid subscription, USPP holds 90% of the total and issued paid-up capital of CHDPL and CHDPL has become a subsidiary of the Company.

In February 2015, the company has changed its name to USP Group Limited.

Completion of the acquisition of 49% of SG Support Service Pte Ltd has taken place on 11 May 2015 and SG Support Service Pte Ltd is now an associate of the Company.

CORPORATE MILESTONE

2015

- Disposal of Liuzhou Union Zinc Industry Co. Ltd.
- Change of company name to USP Group Limited.
- Acquisition of 49% of SG Support Service Pte. Ltd.

2014

- Diversified its business to include the Property Development Business and the Oil Blending Business.
- Established two wholly-owned subsidiaries in Singapore, namely USP Industrial Pte Ltd (“USPI”) and USP Properties Pte Ltd (“USPP”).
- Acquisition of 51% of Biofuel Research Pte Ltd.
- Purchase of residential property in Blandford Drive.
- Invested in 90% of Cluny Home Development Pte Ltd.

2013

- Completed the restructuring exercise of transferring of 100% equity interest of its two wholly-owned subsidiaries in the People’s Republic of China, namely, Liuzhou Union Zinc Industry Co., Ltd. and Guangxi Intai Technology Co., Ltd to Unionmet Holdings Limited.

2007

- Unionmet (Singapore) Pte Ltd converted into a public limited company Unionmet (Singapore) Limited and successfully listed on Singapore Exchange Securities Trading Limited.

2004

- Incorporated in Singapore under the name of Unionmet (Singapore) Pte Ltd.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board (“the Board”) of USP Group Limited (the “Company” and together with its subsidiaries, the “Group”), I am pleased to present the Annual Report and financial results of the Group for the financial period 1 December 2013 to 31 March 2015 (“FY2015”).

A POSITIVE YEAR

FY2015 was a year of rebuilding for the Group as it gains foothold in the two new industries it was diversifying into, Property and Oil businesses and relinquishing its non-ferrous metal trading business. As a result of the Group's restructuring, the Group changed its year end from 30 November to 31 March taking into consideration its new businesses and acquisitions. While the new businesses will take time to grow, the Group had during the year effectively utilised its current assets and make some discerning investments which had led the Group to profitability for the first time in three years.

INVESTING IN NEW BUSINESSES

The Group made significant investments into its Oil business during FY2015 following the shareholders' mandate to expand such business obtained via an Extraordinary General Meeting held on 25 February 2014.

Key development in the Group's expansion in the Oil business was the 51% acquisition of Biofuel Research Pte Ltd (“Biofuel”) and the subsequent increase in stake to 93.09% pursuant to a rights issue exercise of Biofuel. Biofuel is in the business of processing and selling biofuels with a new processing facility of about 4,447.64 square metres at Tuas South Street that had just obtained the Temporary Occupation Permit early this year. Since then, the Group has expanded to include waste oil transportation through its investment in SG Support Services Pte Ltd and also invested S\$14.1 million in an emulsified oil treatment plant. Property, plant and equipment as at 31 March 2015 increased to S\$17.6 million (as at 30 November 2013 : S\$1.5 million) mainly due to the acquisition of Biofuel for its oil business and investment in an emulsified oil treatment plant.

Group cash decreased to S\$16.2 million (as at 30 November 2013 : S\$41.2 million) partly because of the investments in property, plant and equipment as explained above, investments in quoted securities and the Company's share buy-back exercise. The Group has invested in quoted shares of a SGX listed company, Huan Hsin Holding Limited (“Huan Hsin”) which represents 16.2% of the investee as at 31 March 2015.

For the Property business, the Group has embarked on cautiously. It has begun its first property project through the acquisition of a property in 71 Blandford Drive (“Blandford Property”) for development. The Group has obtained its design approval from the Urban Redevelopment Authority in early April this year and the project is expected to be ready in end 2015 or early 2016.

The Group will continue actively to pursue opportunities to expand its business into the property development and oil blending and distribution. The Group had during the year introduced an Employee Performance Share Plan to reward its employees and a Share buy-back Plan to create shareholders' value. To-date, the Group has not issued any Performance Shares.

However, as the Group grows, there will be challenges along the way. For the Group's acquisition of Biofuel, the Group had received a winding up action from a previous shareholder and founder of Biofuel (“Biofuel Founder”) against Biofuel. The Group has successfully applied to dismiss the winding up action and expect to see them in court instead. The Group has also filed two claims against the Biofuel Founder and a third party. The Group will update shareholders on the legal proceedings as and when needed.

The uncertain global economic conditions had also caused the Group to delay its initial roll-out of its emulsified fuel in light of the poor oil prices in Q1 2015. The oil prices have recovered over the last 3 months and the Group has picked up momentum again in its trials and expect to make its launch in the second half of 2015 instead.

CHAIRMAN'S MESSAGE

LOOKING TOWARDS THE FUTURE

Oil-blending business

The Group intends to continue to grow its Oil businesses organically and through potential merger and acquisition of complementary companies in the value chain, particularly in the waste oil and biofuels industry. It is also actively in discussions with technology partners and strategic business partners to look into expanding this business, broadening its capabilities and deepening its competitiveness.

Property Business

The Group will continue to look for strategic acquisitions into the Property sector.

Potential Fund raising

To fund its restructuring and new businesses, the Group undertook a rights issue on 19 February 2014 raising a net proceeds of S\$3.6 million. This had been put to good use resulting in the Group's building blocks in the Oil and Property Business and positive financial results. The Group will be considering future fund raisings to further grow the Group's new businesses.

APPRECIATION

On behalf of the Board, I would like to thank all our Shareholders and our partners for their continued support. I certainly look forward to a stronger year after the internal group restructuring which is primarily aimed at strengthening the Group's business position and increase its shareholder value in the coming years.

I would also like to express my gratitude to my fellow Directors for their invaluable guidance throughout the year, and extend my appreciation to Mr Zeng Fuzu for his contribution during his tenure as Non-Executive Director of the Company. I also welcome Madam Weng Huixin, the newly appointed Non-Executive Director, to the Board.

Finally, I would also like to thank management and staff for their hard work, sacrifice and commitment to the Group.

LI HUA

Executive Chairman and CEO

BOARD OF DIRECTORS

MR. LI HUA

Executive Chairman and Chief Executive Officer

Mr Li is an Executive Chairman and Chief Executive Officer of the Group and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014. He is a member of the Nominating Committee. Mr Li takes an active role in overseeing the Group's operations and business development, including formulating and executing business strategies.

Mr Li brings to the Company enterprise management experience. Prior to his appointment as Chairman and Executive Director of the Company, he is the managing director of Venture Connection Firm Pte. Ltd. where he led the company in the provision of financial consultancy services relating to initial public offering ("IPO") exercises, merger and acquisition of listed entities, IPO and listed company analysis and equity and venture capital funds investment. Prior to that, Mr Li was the general manager of Monsun Enterprise (Singapore) where he was responsible for overseeing the company's international trading business.

Mr Li graduated from National University of Singapore as Master degree-holder in Mechanical Engineering. He also holds a Bachelor's Degree in Engineering at the East China University of Science and Technology, Shanghai.

MR. THAM WAI MUN RAPHAEL

Executive Director

Mr Tham is an Executive Director of the Group and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014. Mr Tham takes an active role in overseeing the Group's corporate and business development.

Mr Tham is experienced in various businesses within the technology, construction, retail and finance industries and has been involved in general management, strategic development, financing and corporate restructuring. Mr Tham is also the Non-Executive Vice-Chairman of Auhua Clean Energy plc, a London AIM listed company and as well as a Non-Executive Director of Byte Power Group Limited, a listed company in Australia Stock Exchange.

Mr Tham was the senior vice president of a Hong Kong based, GEM listed company involved in securities, corporate finance advisory and other related services and was also the country manager of their Singapore subsidiary. Mr Tham started his career with the Economic Development Board of Singapore and holds a Bachelor of Arts (Economics) from the National University of Singapore.

MS. WENG HUIXIN

Non-Executive Director and Non-Independent Director

Ms. Weng Huixin, Non-Executive Director and Non-Independent Director, was appointed to the Board on 31 March 2014. She is a member of the Company's Audit and Remuneration Committee.

Ms. Weng Huixin is the PhD Supervisor of the East China University of Science and Technology since 2006. She is also the General Manager of Petroleum Refining Research Institute since 2006.

From 1961 to 2006, Ms Weng was a Professor / Lecturer / Researcher / Vice-President of East China University of Science and Technology.

BOARD OF DIRECTORS

MR. YIP MUN FOONG JAMES

Lead Independent Director

Mr Yip is the Group's Lead Independent Director and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014.

Mr Yip has more than 25 years of experience in the banking and finance industry, working for large international financial institutions including Barclays, Amro, Toronto Dominion, First Chicago and finally as Global Head of Capital Markets and Syndications at Singapore-based Overseas Union Bank. During his banking career, he has been involved in financings of infrastructure projects in Indonesia, China and Australia. He had also been a general manager of the investment subsidiary of the Changi Airport Group which specializes in the investment of airports globally and the provision of airport management consultancy to airports in Asia and the Middle East. Mr Yip is also a Non Executive Director of Auhua Clean Energy Plc, a UK AIM-listed company based in Jinan, China.

Mr Yip holds a Post-graduate Diploma in Management Studies from the Graduate School of Business, University of Chicago and a Post-graduate Diploma in Financial Management from the Stern School of Business Administration, New York University. Mr Yip is also a pioneer recipient of the Executive Diploma in Directorship jointly awarded by the Singapore Institute of Directors and the Singapore Management University.

MR. NGAN SEE JUAN JOHN

Independent Director

Mr Ngan is the Group's Independent Director and was appointed to the Board on 29 July 2013, and last re-elected on 31 March 2014.

Mr Ngan has more than 12 years of auditing experience in professional international accounting firms, and more than 2 years of Initial Public Offering ("IPO") commercial experience in assisting companies to IPO. From 2010 to 2011, Mr Ngan worked as the Chief Financial Officer in several international companies. He has more than 10 years of audit experience with professional accounting firms such as Foo Kon Tan Grant Thornton, KPMG and PricewaterhouseCoopers in Singapore.

Mr Ngan is also the Independent-Director for mainboard listed company of Ziwo Holdings Ltd and China Taisan Technology Group Holdings Limited in Singapore.

Mr Ngan completed Association of Chartered Certified Accountants (ACCA) in June 1999. He is currently a member of the Institute of Singapore Chartered Accountants (ISCA), and a fellow member of Association of Chartered Certified Accountants (ACCA).

KEY MANAGEMENT

MS. NAH EE LING

Chief Financial Officer

Ms. Nah was appointed as the Chief Financial Officer of the Company on 31 Dec 2014. She is responsible for the accounts and financial matters of all subsidiaries within our Group and the review of operations of all departments to ensure effective system procedures are in place.

Ms. Nah has more than 10 years of experience in accounting, financing, corporate and tax advisory. Prior joining the Company, Ms. Nah was Practice Manager of Tan Leng Cheo & Partners and FTC Corporate & Tax Advisory Pte Ltd.

Ms. Nah is a Chartered Accountant of Singapore (CA Singapore), a member of the Association of Chartered Certified Accountant and ATP (Income Tax & GST). She graduated from Singapore Polytechnic with Diploma in Accountancy in 2000.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Li Hua (*Executive Chairman and Chief Executive Officer*)
 Mr. Tham Wai Mun Raphael (*Executive Director*)
 Ms. Weng Huixin (*Non-Executive Director and Non-Independent Director*)
 Mr. Yip Mun Foong James (*Lead Independent Director*)
 Mr. Ngan See Juan John (*Independent Director*)

AUDIT COMMITTEE

Ngan See Juan John (*Chairman*)
 Yip Mun Foong James (*Member*)
 Weng Huixin (*Member*)

NOMINATING COMMITTEE

Yip Mun Foong James (*Chairman*)
 Ngan See Juan John (*Member*)
 Li Hua (*Member*)

REMUNERATION COMMITTEE

Yip Mun Foong James (*Chairman*)
 Ngan See Juan John (*Member*)
 Weng Huixin (*Member*)

COMPANY SECRETARIES

Yeo Poh Noi Caroline, FCIS
 Toh Lei Mui, ACIS

REGISTERED OFFICE

8 Shenton Way #42-02
 AXA Tower
 Singapore 068811
 Tel: (65) 65343533
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BANKERS

Oversea-Chinese Banking Corporation
 United Overseas Bank Limited
 Standard Chartered Bank (Singapore) Limited

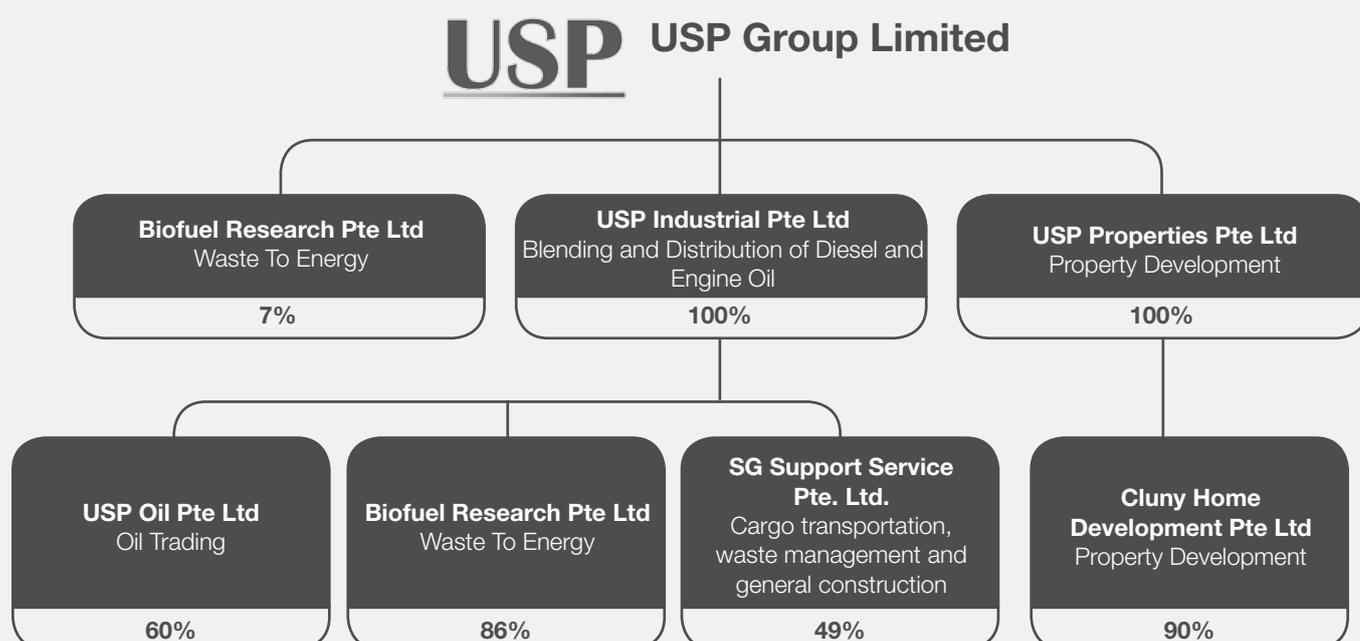
SHARE REGISTRAR

B.A.C.S. Private Limited
 63 Cantonment Road
 Singapore 089758

AUDITOR

Ernst & Young LLP
 1 Raffles Quay #18-01
 North Tower
 Singapore 048583
 Partner-in-Charge
 Alvin Phua Chun Yen
 (with effect from the financial period
 ended 31 March 2015)

CORPORATE STRUCTURE



REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of USP GROUP LIMITED (“USP Group” or the “Company”) is committed to high standards of corporate governance within the Company and its subsidiaries (the “Group”) by adopting and complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”).

The Group recognizes that good governance processes are essential for enhancing corporate sustainability. This report describes the corporate governance framework and practices of the Group that were in place throughout the financial year under review, with reference to the Code. The Board confirms that it has generally adhered to the principles and guidelines of the Code where they are applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

1. BOARD MATTERS

BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board oversees the Group’s overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. The primary function of the Board is to protect and enhance long-term value and returns for its shareholders.

The Group has adopted internal guidelines setting out matters reserved for the Board’s approval. Within these guidelines, the Board approves transactions that exceed certain thresholds. Board’s approval is required for other matters inter alia corporate restructuring, mergers and acquisitions, investments and divestments, acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, release of the Group’s quarterly and full year’s results and interested person transactions.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group’s quarterly results. Ad-hoc Board meetings are convened as and when they are deemed necessary to address significant transactions and issues that may arise in between the scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director’s planning in view of their ongoing commitments. To ensure maximum Board participation, the Articles of Association of the Company provide for meetings to be held via tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means or via circulation of written resolutions for approval by the relevant members of the Board or Board committees.

Directors may request explanation, briefing or discussion on any aspect of the Group’s operation or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

To facilitate effective management and assist in discharging its responsibilities, the Board has delegated specific authorities to the various Board committees, namely the Audit and Risk Management Committee (“ARMC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises.

All Committees are chaired by an independent Director and consist a majority of non-executive Directors. Further details of the scope and functions of the various Board committees are set out in this Report.

The Board accepts that while the Board Committees have the delegated power to make decisions, execute actions or make recommendations in their specific areas respectively, the ultimate responsibility for the decisions and actions vest with the Board and the Chairmen of each Board Committees will report back to the Board with their decisions and/or recommendations.

REPORT ON CORPORATE GOVERNANCE

Details of Board and Board Committee Meetings held during the financial period 1 December 2013 to 31 March 2015 are summarised in the table below:

Number of Meetings	Board	ARMC	NC	RC
	6	5	1	1
Li Hua	6	–	1	–
Raphael Tham Wai Mun	6	–	–	–
Yip Mun Foong James	6	5	1	1
Ngan See Juan	6	5	1	1
Weng Huixin ¹	2	2	–	0
Zeng Fuzu ²	1	1	–	–

Notes:

1. Madam Weng was appointed as a Non-Executive Director of the Company and a member of the ARMC and RC on 31 March 2014.
2. Mr Zeng Fuzu resigned as a Non-Executive Director of the Company on 28 February 2014.

The Group will consider appropriate training programmes for its Directors to equip them with the relevant knowledge, where required. Directors are kept informed of the relevant new laws, regulations and changing commercial risks, from time to time. Relevant updates, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“ACRA”) will also be circulated to the Board for information.

Newly appointed Directors would be briefed on the business activities and the strategic direction and policies of the Group. Directors also have the opportunity to meet with Management to gain a better understanding of the Group’s business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a listed company in Singapore, will undergo the necessary training and briefing.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making.

The Board and Board Committees had been re-constituted on 31 March 2014. The Board has five Directors, one-third of whom are Independent Directors. The composition of the Board complies with the Code’s guideline that Independent Directors make up at least one-third of the Board as follows:

Name of Director	Position
1. Li Hua	Executive Chairman and Chief Executive Officer
2. Raphael Tham Wai Mun	Executive Director
3. Weng Huixin	Non-Executive and Non-Independent Director
4. Yip Mun Foong James	Lead Independent Director
5. Ngan See Juan	Independent Director

The Code provides that where the Chairman is inter alia, part of the Management team or is not an Independent Director, the Independent Directors should make up at least half of the Board. The NC and the Board will work towards compliance with this guideline when appropriate.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience, and collectively possesses the relevant and necessary skills sets and core competencies for effective decision-making which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The NC also strives to ensure that the size of the Board is conducive to discussions and facilitates decision-making.

REPORT ON CORPORATE GOVERNANCE

The NC with the concurrence of the Board is of the opinion that its current Board size of five members is appropriate, having regard to the nature and scope of the Group's operations. As a Group, the members of the Board bring with them a broad range of expertise in areas such as accounting, finance, investment, business, industrial and enterprise management experience as well as familiarity with regulatory requirements. Each Director has been appointed based on the strength of his calibre and experience. The diversity of the Directors' experience allows meaningful exchange of ideas and views in the development of the Group strategy and performance of its business.

The profiles of the Directors are set out on pages 5 and 6 of this Annual Report.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business and enable the Board to make informed and balanced decisions. When reviewing Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The NC is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and no individual or small group of individuals dominates the Board's decision-making process.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual shall represent a considerable concentration of power.

The positions of Chairman and the CEO are held by Mr Li Hua. Although this is a deviation from the recommendation of the Code, the Board believes that strong leadership is instrumental to the Group which is in a transitional stage in search of diversified returns and a long term growth. Vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr Li's dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently.

As Executive Chairman cum CEO, Mr Li is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He also works closely with the Board to determine the business strategies and with Management to realize the Group's vision. All major decisions made in the capacity of CEO are reviewed by the Board.

The Board believes that there are adequate safeguards and checks in place to assure that the process of decision making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of the Company. The Board is not considering separating the roles of the Executive Chairman and CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendations when necessary.

The Executive Chairman and CEO's performance and appointment to the Board are reviewed by the NC and his remuneration package is reviewed by the RC. Both the NC and RC are chaired by Independent Directors.

In compliance with the Code, Mr Yip Mun Foong James, an Independent Director and Chairman of the NC, is the Lead Independent Director. The Lead Independent Director is available to shareholders should they have concerns on issues that cannot be appropriately dealt with by the Chairman & CEO, the Executive Director or the Chief Financial Officer ("CFO").

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

REPORT ON CORPORATE GOVERNANCE

The NC is regulated by a set of written terms of reference. The majority, including the Chairman, are independent. The NC members are:

- (a) Yip Mun Foong James (Chairman)
- (b) Ngan See Juan
- (c) Li Hua

The principal functions of the NC are as follows:

- (a) review and recommend to the Board the structure, size and composition of the Board and Board committees;
- (b) determine the process for search, nomination, selection and appointment of new board members and assessing nominees or candidates for appointment and re-appointment to the Board;
- (c) review and make recommendations to the Board on all Board appointments, including nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance;
- (d) ensure all Directors submit themselves for re-election at regular intervals;
- (e) review and determine annually the independence of the Directors;
- (f) review and evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;
- (g) evaluate Board's performance as a whole taking into consideration the contributions of each Director to the effectiveness of the Board;
- (h) review succession plans, in particular, the Chairman and CEO ; and
- (i) oversee the induction, orientation and training for any new and existing Directors.

The NC had adopted a process for selection and appointment of new Directors which provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of candidates' suitability.

The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC, inter alia, his/her qualifications, business and related experience, commitment, ability to contribute to the Board , such other qualities and attributes that may be required by the Board, before making its recommendation to the Board.

The Company will provide Service Agreements to newly appointed Executive Directors setting out their terms of office and terms of appointment whereas newly appointed Non-Executive Directors will be provided with letters of appointment, setting out the Directors' duties and obligations and terms of appointment.

The NC meets at least once a year.

Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board of Directors is to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). In addition, Article 88 of the Company's Articles of Association provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment, thereafter, he is subject to re-election at least once every 3 years.

Mr Li Hua will be retiring by rotation pursuant to Article 89 at the forthcoming AGM and being eligible, will be offering himself for re-election.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Madam Weng Huixin, who is over the age of 70 years, will seek re-appointment as a Director of the Company at the forthcoming AGM. Madam Weng has expressed her consent to seek re-appointment as a Director of the Company at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

In recommending a Director for re-election to the Board, the NC will consider, amongst other things, the attendance and participation of the Directors at the Board and Board Committee meetings, their competency and commitment. The NC, had recommended the nomination of the abovenamed Directors for re-election at the forthcoming AGM. The NC's recommendation was accepted by the Board.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director. Accordingly, Mr Li Hua has abstained from the deliberation and decision on his re-election.

The NC adopts the Code's definition of an Independent Director and guidelines as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to state whether he considers himself to be independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

The NC has reviewed the independence of the Board members and has determined that Mr Yip Mun Foong James and Mr Ngan See Juan are independent and free from any of the relationships outlined in the Code. None of the Independent Directors on the Board are related and do not have any relationships with the Company or its related companies or its officers who could interfere or to be reasonably perceived to interfere with the exercise of their independent judgments. Madam Weng Huixin is considered a Non-Independent Director in view of her association with Precious Stream Holdings Limited, a substantial shareholder of the Company.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The NC, having considered the Non-Executive Directors' confirmations their attendance and contributions at meetings of the Board and Board Committees, is of the view that such multiple board representations do not hinder the Directors from carrying out their duties in the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company.

As a general guideline to address time commitment, the NC is of the view that the Independent Directors may not hold more than 6 directorships in other public listed companies. The Board concurred with the NC's view.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and contribution by each director to the effectiveness of the Board.

The NC has adopted a formal system of assessing the performance and effectiveness of the Board as a whole. The NC believes that it is more appropriate to assess the Board as a whole, rather than assessing individual Director, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

A Board performance evaluation was carried out during the financial period to assess and evaluate the Board's size, composition, expertise, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and standards of conduct of the Board members.

As part of the process, the Directors have to complete the Board Evaluation Questionnaire which is then collated by the Company Secretary and presented to the NC. The NC will also discuss the feedback with the Board members.

For financial period 1 December 2013 to 31 March 2015, the NC is generally satisfied with the Board evaluation results, which indicated areas for improvement with no significant problems being identified. The NC has discussed these results with the Board and the Board has agreed to work on these areas for improvement. The NC will continue to review its procedure and effectiveness from time to time.

The NC was of the view that given the small Board size and the cohesiveness of the Board members and that the same Independent Directors sit in the various Board Committees, there would not be any value add in having evaluations of the Board Committees.

REPORT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board is furnished with information concerning the Group to enable them to be fully cognisant of the conditions and other factors affecting the Group's operation and understand the decisions and actions of the Group's management.

The agenda for Board meetings is prepared in consultation with the Chairman. As a general rule, detailed Board papers are prepared for each meeting and are normally circulated in advance prior to each meeting. The Board papers include sufficient background and information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

All Board members have separate and independent access to the advice and services of the Company Secretaries, who are responsible to the Board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. All Board members also have separate and independent access to the senior management of the Company and the Group at all times.

Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

The Company Secretary attends the Board and Board Committees meetings of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the Company Secretary shall be reviewed by the Board.

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC is regulated by a set of written terms of reference. The majority including the Chairman, are independent. The RC members are:

- (a) Yip Mun Foong James (Chairman)
- (b) Ngan See Juan
- (c) Weng Huixin

The RC meets at least once annually.

The principal functions of the RC are as follows:

- (a) recommend to the Board a framework of remuneration for the Board and key management personnel of the Group with the aim of building a capable and committed Board and management team through competitive compensation which is sufficient to attract, retain and motivate key management personnel of the required calibre to run the Company effectively;
- (b) consider what compensation in the Executive Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance.
- (c) review and recommend Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

REPORT ON CORPORATE GOVERNANCE

- (d) review whether the Executive Directors and key management personnel should be eligible for benefits under any long-term incentive schemes which may be set up from time to time. If required, the RC will seek expert advice inside or outside the Company on remuneration of all Directors.

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account factors such as effort and time spent and responsibilities of the Directors. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S\$150,000 as Directors' fees for the financial year ending 31 March 2016, payable quarterly in arrears. Due to the change in the Company's financial year end from 30 November to 31 March, the RC had also recommended to the Board an amount of S\$50,000 as Directors' Fees for the period from 1 December 2014 to 31 March 2015. The recommendations have been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval. The Executive Directors do not receive any Directors' fees.

No Director is involved in deciding his own remuneration. Each of Mr Yip Mun Foong, Mr Ngan See Juan and Madam Weng Huixin being RC members, abstained from deliberation and voting in respect of their own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In reviewing and determining the remuneration packages of the Executive Directors and key management personnel, the RC shall consider the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the responsibilities, skills, expertise and contribution to the Company's performance and if the remuneration packages are competitive and sufficient to assure that the Company is able to attract and retain the best available executive talent. The RC makes its recommendation to the Board which has the discretion to accept or vary the recommendations.

The remuneration structure of the Executive Directors and key management personnel includes a direct performance-based variable component. This is in line with both market and best practices of structuring a proportion of key management personnel's remuneration to be directly linked to corporate and individual performance. As the Executive Directors and key management personnel of the Group are rewarded based on their achievement of key performance indicators and the actual results of the Group, and not any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group.

The RC has access to external expert advice with regard to remuneration matters, if required.

The Executive Directors' remuneration (Mr Li Hua and Mr Raphael Tham Wai Mun) as set out in their three year service agreement commenced from 29 July 2013 with an automatic two year renewal clause (unless otherwise terminated by either party giving not less than three months' notice to the other), consist of a salary and a performance bonus to be determined at the discretion of the Board.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

REPORT ON CORPORATE GOVERNANCE

Directors

A breakdown of the level and mix of the remuneration of the Directors for the financial period 1 December 2013 to 31 March 2015 is as follows:

Directors' remuneration	Fees %	Salary %	Bonus %	Other benefits %	Total %
Li Hua	–	89	6	5	100
Raphael Tham Wai Mun	–	90	6	4	100
Yip Mun Foong James	100	–	–	–	100
Ngan See Juan	100	–	–	–	100
Weng Huixin	100	–	–	–	100

Key Management Personnel

Details of remuneration paid to the key management personnel of the Group (who are not Directors) for the financial year period 1 December 2013 to 31 March 2015 are all below S\$250,000. A breakdown of the level and mix of their remuneration is as follows:

Name of Key Management Personnel	Designation	Salary %	Bonus %	Other benefits %	Total %
Below S\$250,000					
Lee Mei San*	CFO	83	4	14	100
Zhou Jiamin**	CFO	86	–	14	100
Nah Ee Ling	CFO	89	–	11	100

* Resigned on 31 March 2014

** Resigned on 31 December 2014

Notwithstanding Guideline 9.1 of the Code, there were only 3 key management personnel during financial period 1 December 2013 to 31 March 2015. For confidentiality reasons and given the highly competitive hiring conditions, the Company is not disclosing each individual Director and its key management personnell's remuneration.

The total remuneration paid to the above Group's key management personnel was S\$1,104,649 for the financial period 1 December 2013 to 31 March 2015. There were no post-employment benefits granted to the Directors and key management personnel.

There were no employees of the Group who are immediate family members of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the period ended 31 March 2015.

Performance Share Plan ("PSP")

The Group has a PSP in place, which was approved by the shareholders of the Company at an Extraordinary General Meeting on 27 February 2015. The objectives of the PSP are as follows:

- (a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (b) to provide an opportunity for participants of the PSP to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and

REPORT ON CORPORATE GOVERNANCE

- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The RC comprising Yip Mun Foong James (Chairman), Ngan See Juan and Weng Huixin, is responsible for the administration of the PSP.

There were no PSP granted during the financial period 1 December 2013 to 31 March 2015.

Details of PSP can be found on page 23 of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board provides shareholders, a balanced and understandable assessment of the Group's performance, position and prospects through the presentation of the annual financial statements and results announcements on a quarterly basis.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a timely basis in order for the Board to discharge its duties effectively. In addition, all relevant information on budgets, forecasts, monthly accounts, material events and transactions complete with background and explanations are circulated to Directors as and when they are available on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee had during the financial year, re-named itself to "Audit and Risk Management Committee" as it took on the role to assist the Board in providing risk management oversight while the ownership of day-to-day management and monitoring of existing internal controls system are delegated to Management.

During the financial period 1 December 2013 to 31 March 2015, the external Auditors together with Management, assists the ARMC in its review of the adequacy and effectiveness of the internal controls, through regular evaluation of the Group's internal controls, financial and accounting policies and risk management policies and procedures. Non-compliance and recommendations for implementation are reported to the ARMC. The ARMC will review the external auditors comments and ensure that there are adequate internal controls in the Group and follow-up actions are implemented.

Management regularly reviews the Company's business and operational activities to identify areas of significant business, financial, compliance and information technology controls risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the ARMC and Board.

REPORT ON CORPORATE GOVERNANCE

Based on the reviews conducted by Management, Management's assurance on the state of the Group's internal controls, and the work performed by the external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the internal controls and risk management systems in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology controls risks in its current business environment. The ARMC will ensure that a review of such effectiveness and adequacy is conducted at least once annually.

As required under the Code, the Board had received written assurance from the Group's CEO and CFO on the adequacy and effectiveness of the Group's internal controls and risk management system, and that the Group's financial records have been properly maintained and the financial statements give a true and fair view of its operations and finances.

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARMC is regulated by a set of written terms of reference. The majority including the Chairman, are independent. The ARMC members are:

- (a) Ngan See Juan (Chairman)
- (b) Yip Mun Foong James
- (c) Weng Huixin

The ARMC members bring with them managerial and professional expertise in the financial and business management fields and are appropriately qualified to discharge their responsibilities.

The ARMC meets at least four times a year and as and when deemed appropriate to carry out its functions.

The ARMC carries out the functions set out in the Code and the Singapore Companies Act, Cap. 50. The ARMC also monitors proposed changes in accounting policies; reviews the internal audit functions and adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

In addition, the ARMC reviews with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and Management's response. To do so, the ARMC meets regularly with the Group's external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of controls is maintained in the Group. The ARMC has kept abreast of accounting standards and issues that could potentially impact financial reporting through regular updates and advice from its external Auditors.

The Group has put in place a Whistle-Blowing Programme whereby staff and members of the public may in confidence, raise their concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Programme is to ensure that process is in place, for the independent investigation of such concerns and for appropriate follow-up actions to be taken. There were no reports of whistle blowing received during the financial period 1 December 2013 to 31 March 2015.

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 so that they are better able to give a complete account of the issues being reviewed and answer questions from the ARMC. Where there are matters of potential sensitivity, Management will be asked to excuse themselves from the meeting so that the ARMC may discuss matters openly.

For financial period 1 December 2013 to 31 March 2015, the ARMC has:

- (i) held five meetings in a year with Management.
- (ii) reviewed the annual audit plan, including the nature and scope of the external audits before commencement of these audits.

REPORT ON CORPORATE GOVERNANCE

- (iii) reviewed and approved the consolidated statement of comprehensive income statements of financial position, statements of changes in equity, consolidated cash flow.
- (iv) reviewed the risk factors and mitigation controls compiled by Management.
- (v) reviewed the interested person transactions.
- (vi) met up with the Group's external auditors during the year under review without the presence of Management to discuss their findings set out in their respective reports and ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management. The external auditors had confirmed that they had access to and received full cooperation and assistance from Management and no restrictions were placed on the scope of audits.
- (vii) conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees amounting to SGD155,545 were approved:

Audit fees	SGD144,533
Non-Audit fees	SGD11,012

The external auditors had also confirmed their independence in this respect.
- (viii) recommended the re-appointment of Ernst & Young LLP, Public Accountants and Chartered Accountants, Singapore at the forthcoming AGM.
- (ix) confirmed that the Company had complied with Rules 712 and 715 of the SGX-ST Listing Manual. The ARMC was satisfied that the resources and experience of Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, operations and nature of the Group. The accounts of the Company and its subsidiaries are audited by Ernst & Young LLP except for those as disclosed in Note 10 of the Notes to the Financial Statements. The Group's subsidiaries are disclosed under Note 10 of the Notes to the Financial Statements on page 54 of this Annual Report.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognizes that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, and including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and best practices, and the containment of business risks. The effectiveness of the internal financial control systems and procedures at present are monitored by Management.

The Group did not perform any internal audit for the financial period 1 December 2013 to 31 March 2015 as the Management is of the view that with the recent major corporate developments including the diversification of businesses of the Group, an internal audit would not be meaningful to establish the effectiveness of the existing system controls and processes. The Group will look to engage an internal auditor to assess the effectiveness of the internal control processes of the Group for the financial year ending March 2016.

REPORT ON CORPORATE GOVERNANCE

4. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

SHAREHOLDERS' RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDERS' MEETINGS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an effective investor relations policy to promote regular, effective and fair communication with shareholders. .

Principle 16: Companies should encourage greater shareholder participation at meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with the continuous disclosure obligations pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, it is a policy of the Board that all shareholders should be informed of all material developments that impact the Group on a timely basis.

The Group communicates pertinent information to its shareholders on a regular and timely basis through:

- SGXNet announcements on major developments of the Group;
- Financial statements containing a summary of the financial information and affairs of the Group for the relevant quarters and full year via SGXNet;
- Annual reports and circulars that are issued to all shareholders;
- Notices of and explanatory notes for general meetings;
- Shareholders can access information on the Group's website www.uspgroup.com.sg. The website provides, inter alia, all publicly disclosed financial information, corporate announcements, annual reports, and profile of the Group.

The Group does not see the need for analyst briefings, investor roadshows or Investors' Day briefings currently and will review such need when appropriate.

Shareholders are accorded the opportunity to raise relevant questions and to communicate their views at general meetings. Shareholders are informed of meetings through notices which are accompanied by the annual reports or circulars sent to them.

The Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting. Each item on special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to voice their views to, raise issues to and seek clarification from the Board of Directors or Management regarding the Company and its operations.

The Chairmen of the ARMC, NC and RC are normally available at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

REPORT ON CORPORATE GOVERNANCE

Dividend

The Group does not have any dividend policy.

For the financial period ended 31 March 2015, the Directors do not recommend payment of dividends due to the need to conserve cash for the Group's working capital and operational use.

5. SECURITIES TRANSACTIONS

The Group has adopted an internal compliance code of conduct to provide guidance to its officers regarding dealings in the Company's securities and implication of Insider Trading in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

The Group prohibits the Directors and employees to trade in the Company's securities, during the period beginning 1 month before the date of the announcement of the full year results and 2 weeks before the date of announcement of interim results and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group. The internal compliance code also discourages trading on short-term consideration.

The Group confirmed that it has adhered to its policy for securities transactions for financial period 1 December 2013 to 31 March 2015.

6. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions ("IPTs"). All IPTs are subject to review by the ARMC at its quarterly meetings.

When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

During the financial period 1 December 2013 to 31 March 2015, there were no IPTs entered into by the Company which were more than 3% of the Group's latest audited net tangible assets.

The Group does not have a shareholders' mandate for IPTs.

7. MATERIAL CONTRACTS

There were no material contracts of the Company, or its subsidiary involving the interests of the Chairman, CEO, any Director or controlling shareholder except for the service agreements entered into between the Company and the Executive Directors.

8. USE OF PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds of S\$4.73 million raised from the rights issue in July 2009 and net proceeds of S\$3.6 million raised from the rights issue in February 2014 have been utilized as at 31 March 2015.

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of USP Group Limited (formerly known as Unionmet (Singapore) Limited) (the "Company") and its subsidiaries (collectively, the "Group") for the financial period from 1 December 2013 to 31 March 2015 and the balance sheet and statement of changes in equity of the Company as at 31 March 2015.

Directors

The Directors of the Company in office at the date of this report are:

Li Hua
Tham Wai Mun Raphael
Yip Mun Foong James
Ngan See Juan
Weng Huixin

In accordance with Article 89 of the Company's Articles of Association, Li Hua will retire and, being eligible, offer himself for re-election.

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of the financial period nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial period, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company (other than wholly-owned subsidiaries) as stated below:

Name of Directors	Direct interest		Deemed interest	
	At the beginning of financial period or date of appointment	At the end of financial period	At the beginning of financial period or date of appointment	At the end of financial period
Ordinary shares of the Company				
Li Hua	–	22,783,000	–	–
Weng Huixin	–	–	175,778,889	199,668,333

There was no change in any of the above-mentioned interests in the Company between the end of the financial period and 21 April 2015.

Except as disclosed in this report, no Director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial period, or at the date of appointment if later, or at the end of the financial period.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial period, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

Options

There were no options granted during the financial period to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial period by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial period.

The Company does not have any share option scheme.

Share plans

The Remuneration Committee ("RC") comprises the following Directors, and is responsible for administering the Performance Share Plan ("PSP"):

Yip Mun Foong James - Chairman
Ngan See Juan
Weng Huixin

The PSP was approved by members of the Company at an EGM held on 27 February 2015. It was established to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees and non-executive directors to achieve increased performance and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Awards represent the right of a participant to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met at the expiry of the prescribed performance period. Executive Directors and employees of the Group and its associated companies who have attained the age of twenty-one (21) years and hold such rank as may be designated by the RC from time to time ("**Group Executives**"), and Non-Executive Directors (including the Independent Directors) of the Group, shall be eligible to participate in the PSP. Controlling shareholders of the Company or associates of such controlling shareholders are eligible to participate in the PSP if their participation and awards are approved by independent shareholders in separate resolutions for each such person and for each such award.

While the RC has the discretion to grant awards at any time in the year, it is currently anticipated that awards would, in general, be made once a year. The selection of a participant and the number of shares which are the subject of each award to be granted to a participant in accordance with the PSP shall be determined at the absolute discretion of the RC, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, the participant's contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Awards granted under the PSP are principally performance-based with performance targets to be set over a performance period and may vary from one performance period to another performance period and from one grant to another grant. Performance targets set by the RC are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company's corporate key performance indicators. The RC has the discretion to impose a further vesting period after the performance period to encourage participants to continue serving the Group for a further period of time.

As soon as reasonably practicable after the end of each performance period, the RC shall review the performance targets specified in respect of each award and determine at its discretion whether they have been satisfied and, if so, the extent to which they have been satisfied, and provided that the relevant participant has continued to be a Group Executive or a Non-Executive Director up to the end of the performance period, shall release to the relevant participant all or part (as determined by the RC at its discretion in the case where the RC has determined that there has been partial satisfaction of the performance target) of the shares to which the relevant award relates in accordance with the release schedule specified in respect of the relevant award.

DIRECTORS' REPORT

Share plans (cont'd)

The RC shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RC shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as to the RC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RC decides that a changed performance target would be a fairer measure of performance.

The total number of shares which may be issued or transferred pursuant to awards granted under the PSP, when aggregated with the aggregated number of shares over which options are granted under any other share option scheme of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 27 February 2015, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

During the financial period ended 31 March 2015, the Company has not granted any performance share awards under the Performance Share Plan.

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises three Non-Executive Directors. The members of the AC during the financial period and at the date of this report are:

Ngan See Juan - Chairman
Yip Mun Foong James
Weng Huixin

The ARMC carries out the functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance. The ARMC also monitors proposed changes in accounting policies, reviews the internal audit functions and the adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. In addition, the ARMC reviews with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and management response. To do so, the ARMC meets regularly with the Group's external auditors and its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

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 has met with the external auditors once separately, without the presence of the Management.

The ARMC has reviewed the non-audit related work carried out by the external auditors during the current financial period, which comprised tax services and is satisfied that their independence and objectivity has not been impaired by the provision of those services.

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

DIRECTORS' REPORT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Li Hua
Executive Chairman and Chief Executive Officer

Tham Wai Mun Raphael
Executive Director

Singapore
30 June 2015

STATEMENT BY DIRECTORS

Pursuant to Section 201(15) of the Singapore Companies Act, Chapter 50

We, Li Hua and Tham Wai Mun Raphael, being two of the Directors of USP Group Limited (formerly known as Unionmet (Singapore) Limited), do hereby state that, in the opinion of the Directors,

- (i) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial period from 1 December 2013 to 31 March 2015, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Li Hua
Executive Chairman and Chief Executive Officer

Tham Wai Mun Raphael
Executive Director

Singapore
30 June 2015

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 December 2013 to 31 March 2015

Independent auditor's report to the members of USP Group Limited (formerly known as Unionmet (Singapore) Limited)

Report on the financial statements

We have audited the accompanying financial statements of USP Group Limited (formerly known as Unionmet (Singapore) Limited) (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 28 to 80, which comprise the balance sheets of the Group and the Company as at 31 March 2015, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income, and consolidated cash flow statement of the Group for the financial period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial period from 1 December 2013 to 31 March 2015.

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 those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 June 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

	Note	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$ (Restated)*
Continuing operations			
Revenue	4	1,311,402	143,868
Cost of sales		(373,186)	(98,493)
Gross profit		938,216	45,375
Other income	5	6,267,804	31,666
Selling and distribution expenses		(169,429)	(1,394)
General and administrative expenses		(3,089,564)	(1,852,265)
Profit/(loss) before tax from continuing operations	6	3,947,027	(1,776,618)
Taxation	7	–	–
Profit/(loss) after tax from continuing operations		3,947,027	(1,776,618)
Discontinued operation			
Loss from discontinued operation, net of tax		(743,433)	(2,338,083)
Loss on disposal of subsidiaries	24	(693,759)	–
		(1,437,192)	(2,338,083)
Profit/(loss) for the period/year		2,509,835	(4,114,701)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(209,403)	413,981
Foreign currency translation differences realised on disposal of subsidiaries		(5,057,438)	–
Other comprehensive income for the period/year, net of tax		(5,266,841)	413,981
Total comprehensive income for the period/year		(2,757,006)	(3,700,720)

* See Note 2.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

	Note	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$ (Restated)*
Profit/(loss) for the period/year attributable to:			
<i>Owners of the Company:</i>			
Profit/(loss) after tax from continuing operations		3,960,281	(1,776,618)
Loss from discontinued operation, net of tax		(1,437,192)	(2,338,083)
Profit/(loss) attributable to owners of the Company		2,523,089	(4,114,701)
<i>Non-controlling interests:</i>			
Loss after tax from continuing operations		(13,254)	–
Loss from discontinued operation, net of tax		–	–
Loss attributable to non-controlling interests		(13,254)	–
Total comprehensive income attributable to:			
Owners of the Company		(2,743,752)	(3,700,720)
Non-controlling interests		(13,254)	–
Total comprehensive income for the period/year		(2,757,006)	(3,700,720)
<i>Attributable to owners of the Company</i>			
Total comprehensive income from continuing operations, net of tax		3,960,281	(1,776,618)
Total comprehensive income from discontinued operation, net of tax		(6,704,033)	(1,924,102)
Total comprehensive income attributable to owners of the Company		(2,743,752)	(3,700,720)
Earnings/(losses) per share from continuing operations attributable to owners of the Company (cents per share)			
Basic and diluted	8a	0.60	(0.29)
Earnings/(losses) per share (cents per share)			
Basic and diluted	8c	0.38	(0.67)

* See Note 2.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2015
(In Singapore Dollar)

	Note	31.3.2015 \$	Group 30.11.2013 \$ (Restated)*	1.12.2012 \$ (Restated)*	31.3.2015 \$	Company 30.11.2013 \$ (Restated)*	1.12.2012 \$ (Restated)*
ASSETS							
Non-current assets							
Property, plant and equipment	9	17,590,262	1,521,389	1,726,567	131,900	34,401	62,387
Investment in subsidiaries	10	–	–	–	1,357,743	5,780,474	5,780,474
Land use rights	11	–	1,046,809	1,046,248	–	–	–
Deferred tax assets		–	–	294,872	–	–	–
		<u>17,590,262</u>	<u>2,568,198</u>	<u>3,067,687</u>	<u>1,489,643</u>	<u>5,814,875</u>	<u>5,842,861</u>
Current assets							
Development property	12	3,194,212	–	–	–	–	–
Inventories	13	19,602	3,509,624	3,196,927	–	–	130,218
Trade receivables	14	699,148	1,144,246	3,189,223	–	–	–
Other receivables	15	8,929,009	816,031	4,523,059	22,988,015	323,029	50,503
Prepayments		56,512	40,607	57,225	52,564	32,178	34,161
Tax refundable		–	8,781	8,597	–	–	–
Marketable securities	16	8,750,901	–	–	8,750,901	–	–
Cash and cash equivalents	17	16,235,295	41,248,520	39,521,384	11,882,849	28,227,312	29,766,636
		<u>37,884,679</u>	<u>46,767,809</u>	<u>50,496,415</u>	<u>43,674,329</u>	<u>28,582,519</u>	<u>29,981,518</u>
Total assets		<u>55,474,941</u>	<u>49,336,007</u>	<u>53,564,102</u>	<u>45,163,972</u>	<u>34,397,394</u>	<u>35,824,379</u>
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables	18	366,956	62,062	221,348	–	2,807	–
Other payables	19	1,696,767	1,389,619	609,703	116,377	293,988	307,129
Deferred rent payable	20	282,833	–	–	–	–	–
Finance lease liabilities	21	30,998	–	–	–	–	–
Loans and borrowings	22	2,648,741	1,472,975	2,263,216	–	–	–
Income tax payable		–	74,119	61,815	–	–	–
		<u>5,026,295</u>	<u>2,998,775</u>	<u>3,156,082</u>	<u>116,377</u>	<u>296,795</u>	<u>307,129</u>
Net current assets		<u>32,858,384</u>	<u>43,769,034</u>	<u>47,340,333</u>	<u>43,557,952</u>	<u>28,285,724</u>	<u>29,674,389</u>
Non-current liabilities							
Loans and borrowings	22	2,464,000	–	–	–	–	–
Deferred tax liabilities	23	–	1,114,251	1,484,319	–	–	–
		<u>2,464,000</u>	<u>1,114,251</u>	<u>1,484,319</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>7,490,295</u>	<u>4,113,026</u>	<u>4,640,401</u>	<u>116,377</u>	<u>296,795</u>	<u>307,129</u>
Net assets		<u>47,984,646</u>	<u>45,222,981</u>	<u>48,923,701</u>	<u>45,047,595</u>	<u>34,100,599</u>	<u>35,517,250</u>
Equity attributable to owners of the Company							
Share capital	25	46,328,284	42,713,501	42,713,501	46,328,284	42,713,501	42,713,501
Treasury shares	26	(1,021,054)	–	–	(1,021,054)	–	–
Other reserves	27	2,413,278	8,165,892	7,751,911	–	–	–
Accumulated profits/(losses)		(234,272)	(5,656,412)	(1,541,711)	(259,634)	(8,612,902)	(7,196,251)
		<u>47,486,236</u>	<u>45,222,981</u>	<u>48,923,701</u>	<u>45,047,596</u>	<u>34,100,599</u>	<u>35,517,250</u>
Non-controlling interests		498,410	–	–	–	–	–
Total equity		<u>47,984,646</u>	<u>45,222,981</u>	<u>48,923,701</u>	<u>45,047,596</u>	<u>34,100,599</u>	<u>35,517,250</u>

* See Note 2.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

Group	Attributable to owners of the Company								Total equity \$
	Share capital (Note 25) \$	Treasury shares (Note 26) \$	Statutory reserve (Note 27) \$	Accumulated losses \$	Discount on purchase of non-controlling interests \$	Foreign currency translation reserve (Note 27) \$	Total \$	Non-controlling interests \$	
Balance at 1 December 2012	42,713,501	-	2,899,051	(1,541,711)	-	4,852,860	48,923,701	-	48,923,701
Loss for the financial year	-	-	-	(4,114,701)	-	-	(4,114,701)	-	(4,114,701)
Other comprehensive income	-	-	-	-	-	413,981	413,981	-	413,981
Total comprehensive (loss)/income for the financial year	-	-	-	(4,114,701)	-	413,981	(3,700,720)	-	(3,700,720)
Balance at 30 November 2013 and 1 December 2013	42,713,501	-	2,899,051	(5,656,412)	-	5,266,841	45,222,981	-	45,222,981
Profit for the financial period	-	-	-	2,523,089	-	-	2,523,089	(13,254)	2,509,835
Other comprehensive income	-	-	-	-	-	(209,403)	(209,403)	-	(209,403)
Transfer to retained earnings on disposal	-	-	-	-	-	(5,057,438)	(5,057,438)	-	(5,057,438)
Total comprehensive income/(loss) for the financial period	-	-	-	2,523,089	-	(5,266,841)	(2,743,752)	(13,254)	(2,757,006)
Contributions by and distributions to owners									
Purchase of treasury shares	-	(1,021,054)	-	-	-	-	(1,021,054)	-	(1,021,054)
Issue of shares on rights issue	3,614,783	-	-	-	-	-	3,614,783	-	3,614,783
Total contributions by and distributions to owners	3,614,783	(1,021,054)	-	-	-	-	2,593,729	-	2,593,729
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with NCI (Note 10)	-	-	-	-	-	-	-	2,887,835	2,887,835
Acquisition of non-controlling interests without a change in control (Note 10)	-	-	-	-	2,413,278	-	2,413,278	(2,413,278)	-
Subscription of shares from rights issue of a subsidiary by a non-controlling interest (Note 10)	-	-	-	-	-	-	-	37,107	37,107
Total changes in ownership interests in subsidiaries	-	-	-	-	2,413,278	-	2,413,278	511,664	2,924,942
Others									
Transfer of statutory reserve to retained earnings on disposal of subsidiaries	-	-	(2,899,051)	2,899,051	-	-	-	-	-
Balance at 31 March 2015	46,328,284	(1,021,054)	-	(234,272)	2,413,278	-	47,486,236	498,410	47,984,646

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

	Share capital (Note 25) \$	Treasury shares (Note 26) \$	Accumulated losses \$	Total equity \$
Company				
Balance at 1 December 2012	42,713,501	–	(7,196,251)	35,517,250
Loss for the financial year	–	–	(1,416,651)	(1,416,651)
Total comprehensive loss for the financial year	–	–	(1,416,651)	(1,416,651)
Balance at 30 November 2013 and 1 December 2013	42,713,501	–	(8,612,902)	34,100,599
Profit for the financial period	–	–	8,353,268	8,353,268
Total comprehensive income for the financial period	–	–	8,353,268	8,353,268
Purchase of treasury shares	–	(1,021,054)	–	(1,021,054)
Issuance of shares on rights issue	3,614,783	–	–	3,614,783
Balance at 31 March 2015	46,328,284	(1,021,054)	(259,634)	45,047,596

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

	Note	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$ (Restated)*
Operating activities:			
Profit/(loss) before tax from continuing operations		3,947,027	(1,776,618)
Loss before tax from discontinued operations		(1,344,549)	(2,395,899)
Profit/(loss) before tax		2,602,478	(4,172,517)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	9	334,296	102,016
Amortisation of land use rights	11	5,395	21,885
Interest income	5	(90,342)	(63,797)
Interest expense		37,271	–
Reversal of write-down of inventories, net	13	(3,660)	(285,890)
Gain on disposal of quoted securities		(1,078)	–
Loss on disposal of subsidiaries		693,759	–
Bad debts written off	5	229,005	–
Negative goodwill		(5,705)	–
Allowance for doubtful receivables	5	31,475	–
Provision for deferred rental	20	144,354	–
Unrealised exchange gain, net		(236,900)	(4,285)
Impairment of property, plant and equipment	9	–	1,866,259
Fair value gain on quoted securities	5	(5,942,059)	–
Net gain on disposal of property, plant and equipment		–	(16,693)
Foreign currency translation		(416,553)	79,066
Operating cash flows before changes in working capital		(2,618,264)	(2,473,956)
(Increase)/decrease in receivables and prepayments		(4,243,319)	3,505,362
Increase in advances to suppliers for purchase of machines		(8,809,600)	–
Decrease/(increase) in inventories		1,303,087	(26,807)
Decrease in payables		700,703	624,235
Cash flows (used in)/generated from operations		(13,667,393)	1,628,834
Income tax paid		(44,615)	–
Interest received		90,342	63,797
Interest paid		(37,271)	–
Net cash flows (used in)/generated from operating activities		(13,658,937)	1,692,631
Investing activities:			
Purchase of property, plant and equipment	9	(5,777,195)	(1,737,978)
Proceeds from disposal of property, plant and equipment		–	27,337
Purchase of development property	12	(3,194,212)	–
Purchase of marketable securities		(2,816,115)	–
Proceeds from sale of marketable securities		8,351	–
Net cash outflow on acquisition of a subsidiary	10	(2,810,798)	–
Disposal of subsidiaries, net of cash	24	(1,845,065)	–
Proceeds from subscription of shares from rights issue of a subsidiary by a non-controlling interest		37,107	–
Net cash flows used in investing activities		(16,397,927)	(1,710,641)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

	Note	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$ (Restated)*
Financing activities:			
Proceeds from loans and borrowings		2,464,000	1,472,975
Repayment of finance lease liabilities		(14,090)	–
Net proceeds from issuance of new shares in rights issue	25	3,614,783	–
Purchase of treasury shares	26	(1,021,054)	–
Net cash flows generated from financing activities		5,043,639	1,472,975
Net (decrease)/increase in cash and cash equivalents		(25,013,225)	1,454,965
Effect of exchange rate changes on cash and cash equivalents		–	272,171
Cash and cash equivalents at beginning of financial period/year		41,248,520	39,521,384
Cash and cash equivalents at end of financial period/year	17	16,235,295	41,248,520

* See Note 2.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

1. Corporate information

USP Group Limited (formerly known as Unionmet (Singapore) Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company changed its name from Unionmet (Singapore) Limited to USP Group Limited on 2 March 2015.

The registered office and principal place of business of the Company is located at 8 Shenton Way, AXA Tower, #42-02, Singapore 068811.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

During the period, the Company changed its financial year end from 30 November to 31 March. Accordingly, these financial statements cover the period from 1 December 2013 to 31 March 2015. The comparatives cover the period from 1 December 2012 to 30 November 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

With effect from 1 December 2014, following the disposal of the subsidiaries in Note 24, the functional currency of the Company was changed from United States dollar (US\$) to Singapore dollar (\$). In line with the change in functional currency, the presentation currency of the Company and the Group was changed from US\$ to \$. The comparative information has been translated from US\$ to \$ based on exchange rate of US\$1: \$1.3025.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 December 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 27 <i>Separate Financial Statements</i>	1 January 2014
FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interest in Other Entities</i>	1 January 2014
<i>Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
<i>Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities</i>	1 January 2014
<i>Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities</i>	1 January 2014
<i>Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets</i>	1 January 2014
<i>Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
<i>Amendments to FRS 19: Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) <i>Amendments to FRS 102 Share Based Payment</i>	1 July 2014
(b) <i>Amendments to FRS 103 Business Combinations</i>	1 July 2014
(c) <i>Amendments to FRS 108 Operating Segments</i>	1 July 2014
(d) <i>Amendments to FRS 113 Fair Value Measurement</i>	1 July 2014
(e) <i>Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets</i>	1 July 2014
(f) <i>Amendments to FRS 24 Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) <i>Amendments to FRS 103 Business Combinations</i>	1 July 2014
(b) <i>Amendments to FRS 113 Fair Value Measurement</i>	1 July 2014
<i>Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants</i>	1 January 2016
<i>Amendments to FRS 27: Equity Method in Separate Financial Statements</i>	1 January 2016
<i>Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
<i>Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
<i>Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
<i>Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

As FRS 115 and FRS 109 have only been issued recently, management has only started reviewing the financial implications of these FRSs.

Except for FRS 112, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2016.

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Business combinations from 1 December 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of 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 net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 December 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations before 1 December 2010 are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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. In such circumstances, the carrying amounts 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 attributed to owners of the Company.

2.6 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 *Foreign currency*

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into US\$ at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over their estimated useful life of the asset as follows:

Leasehold land and building	–	20 years
Leasehold improvement	–	5 years
Plant and machinery	–	10 years
Office equipment	–	5 years
Motor vehicles	–	5 years
Computers	–	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 *Land use rights*

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights were amortised on a straight-line basis over the lease terms of 50 years.

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gain on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.11 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 *Impairment of financial assets*

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.14 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- | | | |
|-------------------------------------|---|--|
| Raw materials | – | purchase costs on a weighted average basis; |
| Finished goods and work-in-progress | – | costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average basis. |

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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2. Summary of significant accounting policies (cont'd)

2.16 *Borrowing costs*

Borrowing costs 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 expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.17 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

2.19 *Operating leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) **Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) **Interest income**

Interest income is recognised using the effective interest method.

(c) **Consultancy income**

Revenue from the provision of consultancy services is recognised upon rendering of services.

2.21 Deferred revenue

Deferred revenue is recognised at their fair value where there is reasonable assurance that the revenue will be received and all attaching conditions will be fulfilled. The deferred revenue will be recognised progressively by tranches in the profit and loss upon the fulfilment of each condition.

2.22 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except that tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associate where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside the income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.23 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

2. Summary of significant accounting policies (cont'd)

2.24 *Share capital and share issue expenses*

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.

2.25 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to the respectively.

2.26 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting estimates and judgements

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

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(a) *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 March 2015 was \$17,590,262 (30 November 2013: \$1,521,389).

(b) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 32 to the financial statements.

3.2 Judgements made in applying accounting policies

The Directors are of the view that there is no critical judgement made by management in the process of applying the Group's and Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

4. Revenue

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Sale of biodiesel	861,402	–
Consultancy income	450,000	–
Trading of non-ferrous, ferrous and precious metals	–	143,868
	1,311,402	143,868

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

5. Other income/(expense)

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Interest income from bank deposits	90,342	63,797
Exchange gain/(loss), net	236,900	(57,278)
Fair value gains on quoted securities (Note 16)	5,942,059	–
Gain on disposal of quoted securities	1,078	–
Allowance for doubtful receivables (Note 15)	(31,475)	–
Bad debt written off (Note 15)	(229,005)	–
Fixed assets written off	(1,326)	–
Others	259,231	25,147
	6,267,804	31,666

6. Profit/(loss) before tax from continuing operations

Profit/(loss) before tax from continuing operations is stated after charging/(crediting):

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Audit fees paid to auditor of the Company	131,264	155,529
Non-audit fees paid to auditor of the Company	6,648	7,637
Depreciation of property, plant and equipment	230,389	29,693
Reversal of write-down of inventories, net	(2,908)	–
Employee benefit expenses (Note 29)	1,431,879	1,053,940
Legal and professional fees	459,238	160,815
Machinery rental expenses	3,277	2,516
Rental expenses	446,723	188,474
	4,757,135	2,508,594

7. Taxation

(a) Major components of income tax

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Income tax attributable to discontinued operations (Note 24)	92,643	(57,816)
	92,643	(57,816)

The Group and the Company does not have any tax expense as the Company and its subsidiaries were in tax loss positions at the end of the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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7. Taxation (cont'd)

(b) *Relationship between taxation and accounting profit/(loss)*

Reconciliation between the taxation and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial period from 1 December 2013 to 31 March 2015 and financial year ended 30 November 2013 were as follows:

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Profit/(loss) before tax from continuing operations	3,947,027	(1,776,618)
Loss before tax from discontinued operations	(1,344,549)	(2,395,899)
Accounting profit/(loss) before tax	2,602,478	(4,172,517)
Tax expense/(credit) at the domestic rates applicable to profits in the countries where the Group operates*	406,190	(821,476)
Adjustments:		
Income not subject to tax	(1,020,844)	–
Non-deductible expenses	378,993	434,299
Deferred tax assets not recognised	358,413	310,833
Productivity and Innovation Credit and deductions	(74,624)	–
Withholding tax	53,397	–
Others	(8,882)	18,528
Taxation	92,643	(57,816)

* The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 March 2015, the Group has tax losses and capital allowances of \$10,885,059 and \$3,338,819 (30 November 2013: \$13,272,475 and \$Nil) respectively that are available for set-off against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the Singapore tax legislation.

8. Earnings/(losses) per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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8. Earnings/(losses) per share (cont'd)

(a) *Continuing operations (cont'd)*

The following table reflects the profit and share data used in the computation of basic and diluted earnings/(losses) per share for the period from 1 December 2013 to 31 March 2015 and financial year ended 30 November 2013:

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Profit/(loss) for the period/year attributable to owners of the Company	2,523,089	(4,114,701)
Add back: loss from discontinued operation, net of tax, attributable to owners of the Company	1,437,192	2,338,083
Profit/(loss) from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings/(losses) per share from continuing operations	3,960,281	(1,776,618)

	Group	
	1.12.2013 to 31.3.2015 No. of shares	1.12.2012 to 30.11.2013 No. of shares
Weighted average number of ordinary shares for basic/diluted loss per share computation*	656,322,622	613,553,995
Basic/diluted loss per share attributable to owners of the Company (cents per share)	0.60	(0.29)

* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares from rights issue and changes in treasury shares transactions during the current financial period.

(b) *Discontinued operations*

Losses per share from discontinued operations attributable to the owners of the Company:

	Group	
	1.12.2013 to 31.3.2015 \$	1.12.2012 to 30.11.2013 \$
Basic/diluted loss per share from discontinued operations attributable to owners of the Company (cents per share)	(0.22)	(0.38)

(c) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit/(loss) for the period/year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings/(losses) per share computation and dividing the profit for the period/year attributable to owners of the Company. These profit and share data are presented in tables in Note 8(a) above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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9. Property, plant and equipment

	Leasehold buildings \$	Leasehold improvement \$	Plant and machinery \$	Office equipment \$	Motor vehicles \$	Computers \$	Construction in progress \$	Total \$
Group								
Cost:								
At 1 December 2012	–	154,584	50,636	58,215	427,367	35,684	1,473,475	2,199,961
Additions	–	43,425	216,878	81,544	82,053	4,560	1,309,518	1,737,978
Transfers from CIP	1,861,737	–	233,046	16,641	–	–	(2,111,424)	–
Disposals	–	(6,088)	–	(1,603)	(158,474)	(27,764)	–	(193,929)
Translation adjustment	–	–	1,086	1,002	9,168	–	31,610	42,866
At 30 November 2013 and 1 December 2013	1,861,737	191,921	501,646	155,799	360,114	12,480	703,179	3,786,876
Additions	–	1,252	5,353,972	3,000	131,699	3,615	283,657	5,777,195
Acquisition through business combinations	5,289,823	23,448	3,832,744	5,184	41,600	2,117	4,823,670	14,018,586
Transfers from construction in progress	5,352,847	–	457,659	–	–	–	(5,810,506)	–
Translation adjustment and transfers	397,235	(4,373)	(2,338)	(678)	(7,488)	1,324	–	383,682
Disposals – discontinued operations	(2,917,985)	(39,051)	(543,474)	(144,573)	(352,627)	(2,109)	–	(3,999,819)
At 31 March 2015	9,983,657	173,197	9,600,209	18,732	173,298	17,427	–	19,966,520
Accumulated depreciation and impairment loss:								
At 1 December 2012	–	97,119	46,040	35,368	262,551	32,316	–	473,394
Charge for the financial year	7,369	28,820	5,478	12,405	45,499	2,445	–	102,016
Disposals	–	(4,619)	–	(1,138)	(150,551)	(26,977)	–	(183,285)
Impairment for the financial year	886,907	–	256,793	44,726	8,148	–	669,685	1,866,259
Translation adjustment	(29)	–	979	543	5,632	–	(22)	7,103
At 30 November 2013 and 1 December 2013	894,247	121,320	309,290	91,904	171,279	7,784	669,663	2,265,487
Charge for the financial period	44,434	34,310	199,302	5,936	47,518	2,796	–	334,296
Acquisition through business combinations	–	15,532	1,925,529	4,411	38,705	1,807	–	1,985,984
Translation adjustments	645,642	964	(6,426)	1,059	(2,358)	25	–	638,906
Reversal of impairment loss	–	–	–	–	–	–	(669,663)	(669,663)
Disposals – discontinued operations	(1,559,660)	(6,760)	(315,026)	(88,332)	(208,537)	(437)	–	(2,178,752)
At 31 March 2015	24,663	165,366	2,112,669	14,978	46,607	11,975	–	2,376,258
Net book value:								
At 31 March 2015	9,958,994	7,831	7,487,540	3,754	126,691	5,452	–	17,590,262
At 30 November 2013	967,490	70,601	192,356	63,895	188,835	4,696	33,516	1,521,389

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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9. Property, plant and equipment (cont'd)

Details of the leasehold building of the Group as at 31 March 2015 are as follow:

	Group	
	31.3.2015	30.11.2013
	\$	\$
4,447.63 square metres industrial complex at Tuas South Street 15, Singapore	9,958,994	–

The Group engaged Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer to determine the fair value of the leasehold building in connection with the purchase price allocation of the acquisition of Biofuel in the current financial period. (Note 10(i)). Details of the valuation techniques and inputs used are disclosed in Note 31.

The Group has a remaining lease term of approximately 15 years and 9 months (30 November 2013: Nil). At the end of the reporting period, the leasehold building was mortgaged to secure the Group's bank loan in Note 22.

Assets held under finance lease

The carrying amount of the Group's plant and equipment includes an amount of \$82,570 (30 November 2013: \$Nil) that are under finance leases. The Group's obligations under finance lease are secured by the lessor's title to the leased assets.

Impairment of assets

In the prior year, a subsidiary carried out a review of the recoverable amount of its property, plant and equipment because the subsidiary had been persistently making operating losses. An impairment loss of \$1,866,259 representing the write-down of the equipment to the recoverable amount was recognised in "Other expenses" line item of profit or loss for the financial year ended 30 November 2013. The recoverable amounts of the property, plant and equipment were based on the recoverable value of these assets. The subsidiary was disposed during the current financial period.

	Leasehold improvement \$	Office equipment \$	Motor vehicle \$	Computers \$	Total \$
Company					
Cost:					
At 1 December 2012	154,583	11,497	–	35,686	201,766
Additions	–	654	–	3,773	4,427
Disposals	(6,088)	(1,603)	–	(27,764)	(35,455)
At 30 November 2013 and 1 December 2013	148,495	10,548	–	11,695	170,738
Additions	1,252	–	131,699	3,615	136,566
At 31 March 2015	149,747	10,548	131,699	15,310	307,304
Accumulated depreciation:					
At 1 December 2012	97,120	9,943	–	32,316	139,379
Charge for the financial year	27,011	323	–	2,361	29,695
Disposals	(4,619)	(1,138)	–	(26,980)	(32,737)
At 30 November 2013 and 1 December 2013	119,512	9,128	–	7,697	136,337
Charge for the financial period	29,297	740	6,585	2,445	39,067
At 31 March 2015	148,809	9,868	6,585	10,142	175,404
Net book value:					
At 31 March 2015	938	680	125,114	5,168	131,900
At 30 November 2013	28,983	1,420	–	3,998	34,401

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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10. Investment in subsidiaries

	Company	
	31.3.2015 \$	30.11.2013 \$
At beginning of financial period/year	5,780,474	5,780,474
Disposal of subsidiaries	(5,780,474)	–
Incorporation of subsidiaries	1,304,943	–
Acquisition of subsidiaries	52,800	–
At end of the financial period/year	1,357,743	5,780,474
Comprising:		
Shares, at cost	1,357,743	10,990,474
Impairment loss	–	(5,210,000)
	1,357,743	5,780,474

Details of the subsidiaries are as follow:

Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Cost		Proportion of ownership interest	
		31.3.2015 \$	30.11.2013 \$	31.3.2015 %	30.11.2013 %
Held by the Company					
*@ Liuzhou Union Zinc Industry Co., Ltd. (The People's Republic of China)	Trading of non-ferrous, ferrous and precious metals, smelting and selling non-ferrous metals and related by-products (The People's Republic of China)	–	5,470,500	–	100
*@ Guangxi Intai Technology Co., Ltd. (The People's Republic of China)	Smelting and selling non-ferrous metals and related by-products (The People's Republic of China)	–	5,519,973	–	100
#@ Unionmet Holdings Limited (British Virgin Islands)	Investment holding (Singapore)	–	1	–	100

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For the financial period from 1 December 2013 to 31 March 2015
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10. Investment in subsidiaries (cont'd)

Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Cost		Proportion of ownership interest	
		31.3.2015 \$	30.11.2013 \$	31.3.2015 %	30.11.2013 %
Held by the Company					
^ USP Properties Pte Ltd (Singapore)	Investment holding and real estate developer (Singapore)	1,043,954	–	100	–
^ USP Industrial Pte Ltd (Singapore)	Investment holding, research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	260,988	–	100	–
^ Biofuel Research Pte Ltd (Singapore)	Research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	52,800	–	93.09	–
+ Unionmet International Pte Ltd (Singapore)	Investment holding (Singapore)	1	–	100	–
		1,357,743	10,990,474		

Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest	
		31.3.2015 %	30.11.2013 %

Held by the USP Industrial Pte Ltd

^ Biofuel Research Pte Ltd (Singapore)	Research and development, engineering, manufacturing and consultancy for biofuel industry (Singapore)	93.09	–
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Held by the USP Industrial Pte Ltd

+ Cluny Home Development Pte Ltd (Singapore)	Real estate developer (Singapore)	90	–
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* Audited by a firm of certified public accountants in People's Republic of China

^ Audited by Ernst & Young LLP, Singapore

Not required to be audited due to the laws of its country of incorporation

+ Dormant and qualified for audit exemption under the Act

@ Disposed during the current financial period (Note 24)

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

10. Investment in subsidiaries (cont'd)

Movement in impairment loss:

	Company	
	31.3.2015	30.11.2013
	\$	\$
At beginning of financial period/year	5,210,000	5,210,000
Disposal of subsidiaries	(5,210,000)	–
At end of the financial period/year	–	5,210,000

Acquisition of a subsidiary

On 24 October 2014 (“the “acquisition date”), the Group’s subsidiary, USP Industrial Pte Ltd (“USPI”) acquired a 51% equity interest in Biofuel Research Pte Ltd (“Biofuel”), which principal activities are those of research and development, engineering, manufacturing and consultancy for the biofuel industry.

The Group has acquired Biofuel to gain a foothold in the oil blending business as part of the Group’s diversification into the business of blending and distribution of diesel and engine oil.

The Group has elected to measure the non-controlling interest at the non-controlling interest’s proportionate share of Biofuel’s net identifiable assets.

The following table summarises the fair value of the identifiable assets and liabilities at the acquisition date and effects of the acquisition on the Group’s cash flows:

(a) **Identifiable assets acquired and liabilities assumed**

	Fair value recognised on acquisition \$
Property, plant and equipment	12,032,602
Trade and other receivables	155,707
Inventories	45,577
Cash and cash equivalents	189,202
Total assets	12,423,088
Trade and other payables	3,697,240
Finance lease liabilities	45,088
Deferred rental	138,479
Loans and borrowings	2,648,741
Total liabilities	6,529,548
Total identifiable net assets at fair value	5,893,540
Non-controlling interest measured at the non-controlling interest’s proportionate share of Biofuel’s net identifiable assets	(2,887,835)
Negative goodwill recognised in profit or loss	(5,705)
Cash consideration transferred for the business	3,000,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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10. Investment in subsidiaries (cont'd)

Acquisition of a subsidiary (cont'd)

(b) *Effect on the acquisition of Biofuel on cash flows*

	\$
Consideration settled in cash	3,000,000
Less: cash and cash equivalents of subsidiary acquired	(189,202)
Net cash outflow on acquisition	2,810,798

(i) Provisional accounting of the acquisition of Biofuel

The purchase price allocation of the acquisition of Biofuel in the financial period from 1 December 2013 to 31 March 2015 are provisional. The Group has engaged an independent valuer to determine the fair value of the identifiable net assets of Biofuel. At the reporting date, the fair value of the property, plant and equipment amounting to \$9,700,000 was determined by an independent valuer. Negative goodwill arising from this acquisition and the carrying amount of the net identifiable assets will be adjusted accordingly on a retrospective basis when the valuation of the business as a whole is finalised.

(ii) Transaction costs

Transaction costs of \$20,273 are included in "General and Administrative Expenses" in the consolidated statement of comprehensive income for the financial period from 1 December 2013 to 31 March 2015.

(iii) Impact of the acquisition on profit or loss

From the acquisition date, Biofuel has contributed \$849,035 of revenue and \$59,483 to the Group's profit for the financial period from 1 December 2013 to 31 March 2015. If the business combination had taken place at the beginning of the period, the revenue from continuing operations would have been \$2,255,189 and the Group's profit from continuing operations, net of tax would have been \$3,284,563.

(iv) Acquisition of additional interests in Biofuel

In February 2015, the Group subscribed to the rights issue by Biofuel, thereby increasing its effective shareholding of Biofuel to 93.09% as at 31 March 2015. The aggregate cash consideration for subscribing to the rights issue was \$652,800. The discount on the deemed acquisition resulted in decrease in premium on purchase of non-controlling interest's shares of \$2,413,278.

In the same rights issue exercise, a non-controlling interest subscribed for 3,689,412 right shares of Biofuel at \$37,107 which was settled by cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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11. Land use rights

	Group	
	31.3.2015	30.11.2013
	\$	\$
Cost:		
At 1 December	1,094,225	1,071,244
Translation adjustment	(19,937)	22,981
Disposal – discontinued operations	(1,074,288)	–
At 31 March / 30 November	–	1,094,225
Accumulated amortisation:		
At 1 December	47,416	24,996
Charge for the financial period	5,395	21,885
Translation adjustment	(886)	535
Disposal – discontinued operations	(51,925)	–
At 31 March / 30 November	–	47,416
Net carrying amount	–	1,046,809
Amount to be amortised:		
- Not later than one year	–	21,885
- Later than one year but not later than five years	–	87,538
- Later than five years	–	937,386
	–	1,046,809

Land use rights pertained to land use rights acquired by the Group in FY2011 over a plot of state owned land in People's Republic of China ("PRC") where the Group's PRC production facilities reside. The land use rights were pledged as security for the Group's borrowings (Note 22) prior to the disposal of a subsidiary during the current financial period (Note 24).

12. Development property

	Group	
	31.3.2015	30.11.2013
	\$	\$
Land at cost	3,080,000	–
Interest expense capitalised	20,257	–
Other development expenditure	93,955	–
	3,194,212	–

During the financial period, borrowing costs of \$20,257 arising from borrowings obtained specifically for the development property were capitalised as cost of "land for development". The rate used to determine the amount of borrowing costs eligible for capitalisation was 2.18% (2013: Nil), which is the effective interest rate of the specific borrowing.

The freehold land under development has been pledged as security for a bank loan (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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12. Development property (cont'd)

Details of the development property of the Group as at 31 March 2015 are as follow:

Description and location	% owned	Site area (square metres)	Gross floor area (square feet)	Stage of completion as at date of annual report (expected year of completion)
A two and half (2.5) storey semi-detached house development at 71 Blandford Drive, Singapore	100%	2,600	3,800	0% (2016)

13. Inventories

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
Balance sheet:				
Raw materials	-	31,870	-	-
Low value consumables	-	21,139	-	-
Work-in-progress	-	802,681	-	-
Finished goods	19,602	2,653,934	-	-
Total inventories at lower of cost and net realisable value	19,602	3,509,624	-	-
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	224,423	130,217	-	-
Reversal of write-down of inventories, net	(3,660)	(285,890)	-	-

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

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14. Trade receivables

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

Trade receivables that are past due but not impaired

The Group has trade receivable amounting to \$492,889 (30 November 2013: \$4,098) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.3.2015	30.11.2013
	\$	\$
Trade receivables past due but not impaired:		
Less than 30 days	481,500	–
30 – 60 days	10,336	–
61 – 90 days	214	–
More than 120 days	839	4,098
	492,889	4,098

Trade receivables that are impaired

The Group does not have any trade receivables that are impaired at the balance sheet date (30 November 2013: \$Nil).

Included in trade receivables is an amount of \$181,969 denominated in United States Dollar (US\$).

15. Other receivables

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
Deposits	68,404	78,604	51,434	53,574
Other receivables	82,480	523,743	2,645	5,515
Interest receivable	–	23,969	–	23,969
Advances to suppliers	8,809,600	255,241	–	–
Amounts due from subsidiaries	–	–	22,933,936	239,971
Less: Allowance for doubtful receivables	(31,475)	(65,526)	–	–
	8,929,009	816,031	22,988,015	323,029
Comprising:				
Financial assets	119,409	560,790	22,988,015	323,029
Non-financial assets	8,809,600	255,241	–	–
	8,929,009	816,031	22,988,015	323,029

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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15. Other receivables (cont'd)

Other receivables that are impaired

	Group	
	31.3.2015	30.11.2013
	\$	\$
Other receivables – nominal amount	31,475	65,526
Allowance for impairment	(31,475)	(65,526)
	–	–
Movement in allowance accounts:		
At beginning of financial period/year	65,526	65,526
Disposal – discontinued operation	(65,526)	–
Allowance for doubtful receivables	31,475	–
At end of financial period/year	31,475	65,526

Other receivables written-off

During the current financial period, the Group and Company wrote-off an amount due from a previous subsidiary of the Company of \$229,005 (30 November 2013: \$Nil) (Note 5).

Advances to suppliers

As at 31 March 2015, included in advances to suppliers of \$8,809,600 (30 November 2013: \$Nil) pertain to deposits paid to suppliers for 2 emulsified oil treatment plants for the oil business.

Amount due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. Included in amount due from subsidiaries is an amount of \$14,315,600 (30 November 2013: \$Nil) which is denominated in United States dollar.

16. Marketable securities

	Group and Company	
	31.3.2015	30.11.2013
	\$	\$
Quoted equity shares, at cost	2,808,842	–
Fair value adjustment	5,942,059	–
At market value	8,750,901	–
Analysis of movement in fair value adjustment for marketable securities:		
Balance at beginning of period/year	–	–
Fair value adjustment for the period/year (Note 5)	5,942,059	–
Balance at end of period/year	5,942,059	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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17. Cash and cash equivalents

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
Cash at bank	11,251,665	8,683,095	6,899,753	2,160,307
Cash in hand	968	–	434	–
Short-term deposits	4,982,662	32,565,425	4,982,662	26,067,005
	<u>16,235,295</u>	<u>41,248,520</u>	<u>11,882,849</u>	<u>28,227,312</u>

Cash at bank earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The interests earned range from 0.42% to 0.72% (30 November 2013: 0.03% to 3.10%) per annum.

Included in cash at bank and short-term deposits of the Group and the Company is an amount of \$5,200,776 and \$4,992,061 (30 November 2013: \$27,964,614 and \$27,964,614) respectively denominated in United States dollars.

18. Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

Included in trade payables is an amount of \$60,898 denominated in Euro as at 31 March 2015 (30 November 2013: \$Nil).

19. Other payables

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
Accrued liabilities	235,673	345,020	112,134	263,854
Sundry creditors	1,461,094	256,471	4,243	30,134
Salaries and welfare payable	–	215,892	–	–
Advances from customers	–	572,236	–	–
	<u>1,696,767</u>	<u>1,389,619</u>	<u>116,377</u>	<u>293,988</u>
Comprising:				
Financial liabilities	1,696,767	817,383	116,377	293,988
Non-financial liabilities	–	572,236	–	–
	<u>1,696,767</u>	<u>1,389,619</u>	<u>116,377</u>	<u>293,988</u>

Included in sundry creditors are: (i) an amount of \$1,367,800 relating to a claim by a former director of a subsidiary (Note 36(ii)); and (ii) an amount due to a director of the Company of \$Nil (30 November 2013: \$32,746). These amounts are non-trade related and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

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20. Deferred rent payable

	Group	
	31.3.2015	30.11.2013
	\$	\$
At beginning of the financial period/year	–	–
Acquisition of subsidiary	138,479	–
Recognised during the period/year	144,354	–
At end of the financial period/year	<u>282,833</u>	<u>–</u>

21. Finance lease liabilities

The Group enters into a finance lease for certain plant and equipment for a lease term up to 3 years. The average discount rate implicit in the lease obligation is 5.68% (30 November 2013: 4.44%) per annum. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	31.3.2015	31.3.2015	30.11.2013	30.11.2013
	\$	\$	\$	\$
Group				
Within one year, representing minimum lease payments	33,788	30,998	–	–
Less: Amounts representing finance charges	(2,790)	–	–	–
Present value of minimum lease payments	<u>30,998</u>	<u>30,998</u>	<u>–</u>	<u>–</u>

22. Loans and borrowings

	Effective interest rate	Group	
		31.3.2015	30.11.2013
		\$	\$
Loan – I	2.18	2,464,000	–
Loan – II	4.00	2,648,741	–
Loan – III	10.19	–	1,472,975
		<u>5,112,741</u>	<u>1,472,975</u>
Comprising:			
Due within one year		2,648,741	1,472,975
Due after one year		2,464,000	–
		<u>5,112,741</u>	<u>1,472,975</u>

Loan I is secured by mortgage over the development property (Note 12) and corporate guarantee by the Company, repayable in April 2016 and bears interest of 1.65% per annum over the Bank's Cost of Funds or 1.65% per annum over the applicable SWAP Offer Rate as determined by the bank whichever is the higher; or at such other rate at the sole discretion of the bank for an interest period of 3 months. The loan is denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore Dollar)

22. Loans and borrowings (cont'd)

Loan II was secured by a first legal charge over a leasehold building (Note 9) and bears interest rate at 3% plus SIBOR rate, subject to a minimum of 4% per annum for 18 months from the date of first drawdown in March 2013. Thereafter, subject to no breach of any of the terms of the loan, the outstanding principal (without interest) due under the loan shall be converted to a 8-year loan. During the period, the Group informed the bank of the full repayment of the loan with immediate effect. The loan was fully repaid in May 2015. The loan was denominated in Singapore dollar.

Loan III was repayable on 13 November 2014 and bore interest of 25% plus benchmark loan rate. The effective interest rate was 10.9%. The loan was denominated in Chinese Renminbi and secured on the Group's leasehold buildings (Note 9) and land use rights (Note 11).

23. Deferred tax

Deferred tax relates to the following:

	Group			
	Consolidated balance sheet		Consolidated statement of comprehensive income	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$

Deferred tax liabilities

Land compensation income taxable in future	-	(1,114,251)	-	-
--	---	-------------	---	---

Movement of deferred tax liabilities:

	Group	
	31.3.2015	30.11.2013
	\$	\$
At beginning of the financial period/year	1,114,251	1,484,319
Reversal during the financial period/year	39,247	(352,687)
Translation adjustment	(20,473)	(17,381)
Disposal – discontinued operations (Note 24)	(1,133,025)	-
	-	1,114,251

Prior year deferred tax liabilities pertained to the deferred tax liability recognised on the compensation for land received by a subsidiary from the Liuzhou government (at 25% of the net taxable land compensation income which was payable only on completion of the relocation or on the 5th year starting from the commencement of the relocation. The subsidiary was disposed during the current financial period (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

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24. Discontinued operations

- (a) In March 2014, the Group entered into a sale agreement with an external party to dispose its entire interest in its wholly-owned subsidiary, Guangxi Intai Technology Co., Ltd (“Intai”) and Unionmet Holdings Limited (“UHL”) for a consideration of \$5,708,000. The disposal consideration was fully settled in cash. The disposal was deemed completed on 1 March 2014, on which date control of Intai and UHL passed to the acquirer.
- (b) In January 2015, the Group entered into another sale agreement with the same external party to dispose its entire interest in its wholly-owned subsidiary, Liuzhou Union Zinc Industry Co., Ltd (“Union Zinc”) for a consideration of \$4,500,000. The disposal consideration was fully settled in cash. The disposal was deemed completed on 30 November 2014, on which date control of Union Zinc passed to the acquirer.

The results of Intai, UHL and Union Zinc have been reclassified as discontinued operations and comparatives have been restated.

The effects of the disposals were:

Income statement disclosure

	Group	
	31.3.2015	30.11.2013
	\$	\$
Revenue	12,811,810	49,565,340
Expenses	(13,462,600)	(51,961,239)
Loss from operations	(650,790)	(2,395,899)
Taxation	(92,643)	57,816
Loss from discontinued operation, net of tax	(743,433)	(2,338,083)
Loss on sale of discontinued operations	(693,759)	–
Loss from discontinued operation, net of tax	<u>(1,437,192)</u>	<u>(2,338,083)</u>

Cash flow statement disclosure

	Group	
	31.3.2015	30.11.2013
	\$	\$
Net cash from/(used in) operating activities	3,187,764	(3,541,455)
Net cash used in investing activities	(1,635,923)	(452,470)
Net cash from financing activities	1,440,921	3,284,450
Net cash inflow/(outflow)	<u>2,992,762</u>	<u>(709,475)</u>

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24. Discontinued operations (cont'd)

The value of assets and liabilities of Intai, UHL and Union Zinc recorded in the consolidated financial statements at the dates of their disposals, and the effects of the disposal were:

	31.3.2015
	\$
Assets	
Property, plant and equipment	1,821,067
Land use rights	1,022,363
Trade and other receivables	5,264,360
Inventories	2,236,172
Cash and short term deposits	12,053,469
Total assets	22,397,431
Liabilities	
Deferred tax liabilities	(1,133,025)
Trade and other payables	(3,785,900)
Short term loan	(1,446,136)
Income tax payable	(72,769)
Total liabilities	(6,437,830)
Net assets	15,959,601
Cash consideration	10,208,404
Cash and cash equivalents of the subsidiaries	(12,053,469)
Net cash outflow on disposal of subsidiaries	(1,845,065)
Cash received	10,208,404
Net assets derecognised	(15,959,601)
Cumulated exchange difference in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	5,057,438
Loss on disposal of subsidiaries	(693,759)

25. Share capital

	Group and Company			
	31.3.2015		30.11.2013	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
Balance at beginning of the period/year	613,553,995	42,713,501	613,553,995	42,713,501
Issuance of shares on rights issue	56,566,243	3,614,783	-	-
Balance at end of the period/year	670,120,238	46,328,284	613,553,995	42,713,501

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

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26. Treasury shares

	Group and Company			
	31.3.2015		30.11.2013	
	No. of shares	\$	No. of shares	\$
Balance at beginning of the period/year	–	–	–	–
Acquired during the financial period/year	16,939,400	1,021,054	–	–
Balance at end of the period/year	16,939,400	1,021,054	–	–

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

The Company acquired 16,939,400 (30 November 2013: Nil) shares in the Company through purchases on the Singapore Exchange during the financial period. Consideration paid to purchase the shares amounted to \$1,021,054 (30 November 2013: \$Nil) which was presented as a component within equity in the financial statements.

27. Other reserves

(a) Foreign currency translation reserve

Foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve was transfer to profit or loss on disposal of the subsidiaries during the current financial period (Note 24).

(b) Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC), the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders. The statutory reserve was transferred to retained earnings on disposal of the subsidiaries during the current financial period (Note 24).

28. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statement is as follows:

	Group	
	31.3.2015	30.11.2013
	\$	\$
Capital commitments in respect of property, plant and equipment	–	154,358

(b) Operating lease commitments – as lessee

The Group has entered into commercial leases on plant, machineries, office premises and land and these leases have terms ranging from 3 to 18 years. There are no restrictions placed upon the Group by entering into these leases. These non-cancellable leases have varying terms, escalation clauses and renewal rights.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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28. Commitments (cont'd)

(b) Operating lease commitments – as lessee (cont'd)

Future minimum rental payable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	31.3.2015	30.11.2013
	\$	\$
Not later than one year	568,955	309,973
Later than one year but not later than five years	2,095,969	329,513
Later than five years	5,060,037	20,144
	7,724,961	659,630

Minimum lease payments recognised as an expense in profit or loss on the continuing operations for the financial year period ended 31 March 2015 amounted to \$450,000 (30 November 2013: \$190,990).

29. Employee benefit expenses

	Group	
	31.3.2015	30.11.2013
	\$	\$
Salaries, bonus and allowances	1,342,116	1,018,966
Contribution to defined contribution plans	89,763	34,974
	1,431,879	1,053,940

Included in staff costs is directors' remuneration amounting to \$640,615 (30 November 2013: \$517,025).

30. Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, there are no other significant transactions between the Company and related parties that took place during the financial period/year.

	Company	
	31.3.2015	30.11.2013
	\$	\$
Sales to a subsidiary	–	1,646,258

Compensation of key management personnel

	Group	
	31.3.2015	30.11.2013
	\$	\$
Salaries and bonus	865,239	903,114
Directors' fees	166,462	239,797
Defined contribution plans	56,572	54,697
Other short term benefits	12,465	3,571
	1,100,738	1,201,179
Comprise amounts paid to:		
- Directors of the Company	907,956	756,821
- other key management personnel	192,782	444,358
	1,100,738	1,201,179

NOTES TO THE FINANCIAL STATEMENTS

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31. Fair value of financial instruments

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There was no transfer from Level 1 and Level 2 to Level 3 during the financial period from 1 December 2013 to 31 March 2015 and financial year ended 30 November 2013.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group 31.3.2015			
Fair value measurements at the end of the reporting period using			
Quoted prices in active markets for identical instruments (Level 1) \$	Significant observable inputs other than quoted prices (Level 2) \$	Significant un-observable inputs (Level 3) \$	Total \$

Recurring fair value measurements

Assets

Financial assets:

Financial assets at fair value through
profit or loss

Marketable securities (Note 16)	8,750,901	–	–	8,750,901
Total financial assets	8,750,901	–	–	8,750,901

Non-recurring fair value measurements

Assets

Non-financial assets:

Leasehold building (Note 10(i))	–	–	9,700,000	9,700,000
Total non-financial assets	–	–	9,700,000	9,700,000

As at 30 November 2013, there are no assets or liabilities that are carried at fair value under Level 1, 2 or 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
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31. Fair value of financial instruments (cont'd)

(c) *Level 3 fair value measurements*

- (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value \$	Valuation techniques	Unobservable inputs	Range
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At 31 March 2015

Leasehold building	9,700,000	Direct comparison method	Yield adjustments based on management's assumption ⁽¹⁾	5% to 10%
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- (1) Any significant isolated increase/(decrease) in these inputs would result in a significantly lower/(higher) fair value measurement.

- (ii) Valuation policies and procedures

The senior management of the Group (the "Management") 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, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

- (d) *Fair value of financial instruments whose carrying amounts approximate their fair values*

Management has determined that the carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, finance lease liabilities and loans and borrowings reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently to market interest rates.

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32. Classification of financial instruments

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
<i>Loans and receivables</i>				
Trade receivables	699,148	1,144,246	–	–
Other receivables (Note 15)	119,409	560,790	22,988,015	323,029
Cash and cash equivalents (Note 17)	16,235,295	41,248,520	11,882,849	28,227,312
	17,053,852	42,953,556	34,870,864	28,550,341
<i>Financial assets at fair value through profit or loss</i>				
Marketable securities (Note 16)	8,750,901	–	8,750,901	–
<i>Liabilities at amortised cost</i>				
Trade payables	366,956	62,062	–	2,807
Other payables (Note 19)	1,696,767	817,383	116,377	293,988
Finance lease liabilities (Note 21)	30,998	–	–	–
Loans and borrowings (Note 22)	5,112,741	1,472,975	–	–
	7,207,462	2,352,420	116,377	296,795

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, accruals and loans and borrowings which arise directly from its operations. The Group may enter into derivative transactions, including commodity futures contracts. The purpose is to manage the price risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The Board reviews and agrees policies for managing risks and they are summarised below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rates risk arises primarily from their floating rates cash and short-term deposits and loans and borrowings. The Group manages its interest rate risks on its interest income by placing cash balances with reputable banks and financial institutions. The Group's policy is to obtain the most favourable interest rate arrangement available.

NOTES TO THE FINANCIAL STATEMENTS

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33. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group		Company	
	31.3.2015	30.11.2013	31.3.2015	30.11.2013
	\$	\$	\$	\$
<i>Within one year</i>				
Floating rate:				
Short-term deposits (Note 17)	4,982,662	32,565,425	4,982,662	26,067,005
Loans and borrowings (Note 22)	5,112,741	1,472,975	-	-

Interest on financial instruments subject to floating interest rates is repriced regularly at intervals of less than a year (30 November 2013: less than a year) from the end of the reporting period. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subjected to interest rate risks.

The Group's policy is to manage interest cost using floating rate debt.

Sensitivity analysis for interest rate risk

Sensitivity analysis for interest rate risk was performed on the interest bearing cash and short-term deposits and loans and borrowings. At the end of the reporting period, if interest rates had been 25 (30 November 2013: 29) basis points and 25 (30 November 2013: 25) basis points lower/higher, respectively, with all other variables held constant, the effects are summarised in the table below:

	Increase/ decrease in basis points	Effect on profit/ (loss) net of tax \$	Effect on equity \$
31.3.2015			
- SGD	+25	(10,609)	(10,609)
- USD	+25	10,339	10,339
- SGD	- 25	10,609	10,609
- USD	- 25	(10,339)	(10,339)
30.11.2013			
- RMB	+25	24,747	24,747
- USD	+25	57,310	57,310
- RMB	-29	(24,747)	(24,747)
- USD	-29	(66,427)	(66,427)

NOTES TO THE FINANCIAL STATEMENTS

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33. Financial risk management objectives and policies (cont'd)

(b) *Foreign currency risk*

The Group has no material exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading. The Group and the Company hold receivables and payables and cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency denominated balances (mainly in United States Dollars ("USD")) amounted to \$5,355,392 and \$4,992,061 (30 November 2013: \$27,964,614 and \$27,964,614) for the Group and the Company respectively. It is the Group's policy not to enter into derivative forward foreign exchange contracts for speculative purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the SGD exchange rates against USD, with all other variables held constant.

		Profit/(loss) net of tax	
		31.3.2015	30.11.2013
		\$	\$
Group			
USD	- strengthened 3% (30 November 2013: 7%)	+133,349	+1,624,744
	- weakened 3% (30 November 2013: 7%)	- 133,349	- 1,624,744

(c) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Finance.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment security and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 14 and 15 (trade and other receivables).

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

At the end of the reporting period, approximately 100% (30 November 2013: 91.9%) of the Group's trade receivables were due from 3 (30 November 2013: 3) customers.

NOTES TO THE FINANCIAL STATEMENTS

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33. Financial risk management objectives and policies (cont'd)

(d) *Price risk*

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the date of this report, the market price of the quoted shares had fallen by approximately 76%. If the marketable securities were recorded at the current market price at the end of the reporting period, the Group's fair value loss on quoted shares and net loss for the period would have been approximately \$864,000 and \$4,297,000 respectively, arising from a fair value loss on investment in equity instruments classified as fair value through profit and loss.

(e) *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 aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through funds generated from operations, external bank loan and proceeds received during the Initial Public Offering and the Rights Issue Exercise.

The Group's financial liabilities based on contractual undiscounted payments mature within one year and represent trade and other payables, finance lease liabilities and loans and borrowings as at 31 March 2015 and 30 November 2013.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	31.3.2015			30.11.2013		
	One year or less \$	More than one year but less than five years \$	Total \$	One year or less \$	More than one year but less than five years \$	Total \$
Financial assets						
Trade receivables	699,148	–	699,148	1,144,246	–	1,144,246
Other receivables	119,409	–	119,409	560,790	–	560,790
Cash and cash equivalents	16,235,295	–	16,235,295	41,248,520	–	41,248,520
Total undiscounted financial assets	17,053,852	–	17,053,852	42,953,556	–	42,953,556
Financial liabilities						
Trade payables	366,956	–	366,956	62,062	–	62,062
Other payables	1,696,767	–	1,696,767	817,383	–	817,383
Finance lease liabilities	33,788	–	33,788	–	–	–
Loans and borrowings	2,754,691	2,519,440	5,274,131	1,626,051	–	1,626,051
Total undiscounted financial liabilities	4,852,202	2,519,440	7,371,642	2,505,496	–	2,505,496
Total net undiscounted financial assets/(liabilities)	12,201,650	(2,519,440)	9,682,210	40,448,060	–	40,448,060

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33. Financial risk management objectives and policies (cont'd)

(e) *Liquidity risk (cont'd)*

	1 year or less	
	31.3.2015	30.11.2013
	\$	\$
Company		
Financial assets		
Other receivables	22,988,015	323,029
Cash and cash equivalents	11,882,849	28,227,312
Total undiscounted financial assets	34,870,864	28,550,341
Financial liabilities		
Trade payables	–	2,807
Other payables	116,377	293,988
Total undiscounted financial liabilities	116,377	296,795
Total net undiscounted financial assets	34,754,487	28,253,546

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period from 1 December 2013 to 31 March 2015 and financial year ended 30 November 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group is currently in a net cash position with 2 (30 November 2013: 1) external loans as at 31 March 2015. The Group's policy is to minimise the gearing ratio. The net cash includes trade and other payables, other liabilities and bank loan, less cash and short-term deposits. Capital includes equity attributable to the equity holders of the parent less the abovementioned restricted statutory reserve fund.

	Group	
	31.3.2015	30.11.2013
	\$	\$
Trade and other payables	2,063,723	1,451,681
Finance lease liabilities	30,998	–
Loans and borrowings	5,112,741	1,472,975
Other liabilities	–	74,119
Less: Cash and cash equivalents	(16,235,295)	(41,248,520)
Net cash	(9,027,833)	(38,249,745)
Equity attributable to the owners of the Company	47,486,236	45,222,981
Less: Statutory reserve fund	–	(2,899,051)
Total capital	47,486,236	42,323,930
Capital and net cash	38,458,403	4,074,185
Gearing ratio	N.M.	N.M.

N.M. Denotes – not meaningful

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35. Segment information

For management purposes, the Group is currently organised into three reportable business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The three main business activities are as follows:

Pre-diversification of business (classified as “discontinued operations”)

- (i) Indium ingots (discontinued operation) – manufacturing and trading of indium ingots;
- (ii) Zinc and related products (discontinued operation) – manufacturing and trading of zinc and related products; and
- (iii) Ore concentrates (discontinued operation) – trading of ore concentrates.

Post-diversification of business

- (a) Oil – research and development, engineering, manufacturing and consultancy for the biofuel industry;
- (b) Property – property developer; and
- (c) Others – investment holding and trading.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise jointly used assets and liabilities.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to their parties at current market prices.

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2.23.

NOTES TO THE FINANCIAL STATEMENTS

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35. Segment information (cont'd)

Geographical information

The Group's geographical information are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table presents revenue and results information regarding the Group's reportable operating segments for the financial period from 1 December 2013 to 31 March 2015 and year ended 30 November 2013.

	Oil trading \$	Property \$	Others \$	Discontinued operations			Adjustments \$	Total \$	
				Indium ingots \$	Zinc and related products \$	Ore concentrates products \$			
31.3.2015									
Segment revenue									
- Sales to external customers	1,311,402	-	-	4,655,023	2,296,296	-	5,860,491	(12,811,810)	1,311,402
Interest income	-	-	90,342	-	-	-	-	-	90,342
Fair value gain on quoted securities	-	-	5,942,059	-	-	-	-	-	5,942,059
Depreciation of property, plant and equipment	(191,322)	-	(39,067)	(35,408)	(11,135)	-	(34,076)	80,619	(230,389)
Reversal of write-down of inventories, net	2,908	-	-	752	-	-	-	(752)	2,908
Segment profit/(loss) before tax	107,335	(13,551)	3,853,243	(110,614)	(347,385)	-	(886,577)	1,344,576	3,947,027
Assets:									
Segment assets	36,220,503	7,133,046	12,121,392	-	-	-	-	-	55,474,941
Liabilities:									
Segment liabilities	(4,904,618)	(2,469,300)	(116,377)	-	-	-	-	-	(7,490,295)
Other segment information:									
Capital expenditure on property, plant and equipment	5,640,629	3,194,212	136,566	-	-	-	-	-	8,971,407

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

35. Segment information (cont'd)

	Oil trading \$	Property \$	Others \$	Discontinued operations				Adjustments \$	Total \$
				Indium ingots \$	Zinc and related products \$	Ore concentrates products \$	Other products \$		
30.11.2013									
Segment revenue									
- Sales to external customers	-	-	143,868	10,831,716	17,348,122	17,182,598	4,202,904	(49,565,340)	143,868
Interest income	-	-	63,797	-	-	-	-	-	63,797
Depreciation of property, plant and equipment	-	-	(29,693)	(35,552)	(16,470)	(16,312)	(3,988)	72,322	(29,693)
Reversal of write-down of inventories, net	-	-	-	285,890	-	-	-	(285,890)	-
Impairment of property, plant and equipment	-	-	-	(1,866,259)	-	-	-	1,866,259	-
Segment loss before tax	-	-	(1,776,618)	(248,410)	(1,786,947)	(336,234)	(24,307)	2,395,898	(1,776,618)
Assets:									
Segment assets	-	-	-	3,785,277	13,818	2,535,061	25,756	-	6,359,912
Unallocated assets									42,976,095
Liabilities:									
Segment liabilities	-	-	-	(3,368,436)	(12,780)	(56,002)	(1,305)	-	(3,438,523)
Unallocated liabilities									(674,503)
Other segment information:									
Capital expenditure on property, plant and equipment	-	-	4,427	1,733,551	-	-	-	(1,733,551)	4,427

The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	31.3.2015 \$	30.11.2013 \$
Property, plant and equipment	-	224,126
Land use rights	-	1,046,809
Other receivables	-	407,252
Prepayments	-	40,607
Cash and cash equivalents	-	41,248,520
Tax refundable	-	8,781
	-	42,976,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

35. Segment information (cont'd)

Geographical information (cont'd)

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	31.3.2015	30.11.2013
	\$	\$
Trade payables	–	(2,807)
Other payables	–	(597,577)
Tax payable	–	(74,119)
	–	(674,503)

	China/ Hong Kong/ India	Singapore	Total
	\$	\$	\$
31.3.2015			
Segment revenue			
- External	722,939	588,463	1,311,402
	–	55,474,941	55,474,941
Segment assets	–	55,474,941	55,474,941
Capital expenditure on property, plant and equipment	–	(8,971,407)	(8,971,407)
	–	(8,971,407)	(8,971,407)
30.11.2013			
Segment revenue			
- External	143,868	–	143,868
	20,785,405	28,550,602	49,336,007
Segment assets	20,785,405	28,550,602	49,336,007
Capital expenditure on property, plant and equipment	–	(4,427)	(4,427)
	–	(4,427)	(4,427)

36. Events occurring after the reporting period

- (i) In May 2015, the Company's wholly-owned subsidiary, USP Industrial Pte. Ltd. acquired 49% equity interest in SG Support Service Pte Ltd. The purchase consideration for the acquisition was S\$5,750,000, which consists of S\$1,500,000 in cash and S\$4,250,000 in the form of the issuance of 42,500,000 treasury shares at an issue price of S\$0.10 for each share.
- (ii) A former director ("the Claimant") of a subsidiary, Biofuel Research Pte Ltd ("Biofuel"), (who is also a shareholder of Biofuel and the former Managing Director) has filed a winding up application with the Singapore High Court (the "Court") against Biofuel (the "Application") in April 2015. The Application related to a claim arising from an alleged director's loan made by the Claimant to Biofuel before the Company became a shareholder of Biofuel. The total sum claimed against Biofuel pursuant to the Application is S\$1,367,700.50 (the "Claim").

In addition, in the same month, Biofuel commenced separate legal proceedings against the Claimant for various breaches of his duties whilst he was a director and the Managing Director of Biofuel.

The Application was heard on 12 June 2015. Biofuel opposed the Application as, inter alia, Biofuel disputes the Claim. After hearing parties, the Court granted a conditional order allowing the dismissal of the Application subject to Biofuel making payment into Court to secure the Claim within 3 weeks. In accordance with the order of court, Biofuel made payment into court on 22 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 December 2013 to 31 March 2015
(In Singapore Dollar)

36. Events occurring after the reporting period (cont'd)

- (iii) In June 2015, a subsidiary, Unionmet International Pte Ltd changed its name to USP Oil Pte Ltd. In the same month, the Company transferred its entire interests representing \$1 in entire issued and paid up capital of USP Oil Pte Ltd to USP Industrial Pte Ltd. USP Oil Pte Ltd allotted shares to an external party which resulted in a dilution of the Group's interest in USP Oil Pte Ltd to 60%. USP Oil Pte Ltd has not carry out any operations since its incorporation.

37. Authorisation of financial statements for issue

The financial statements of the financial period from 1 December 2013 to 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on 30 June 2015.

SHAREHOLDERS INFORMATION

As at 24 June 2015

Class of shares	:	Ordinary Shares
Issued and fully paid-up capital (including Treasury Shares)	:	S\$
Issued and fully paid-up capital (excluding Treasury Shares)	:	S\$
Number of shares issued (including Treasury Shares)	:	670,120,238
Number of shares issued (excluding Treasury Shares)	:	655,327,238
Number/Percentage of Treasury Shares	:	14,793,000 (2.26%)
Voting rights (excluding Treasury Shares)	:	One vote for per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	70	3.00	680	0.00
100 - 1,000	60	2.57	53,195	0.01
1,001 - 10,000	550	23.55	3,836,441	0.58
10,001 - 1,000,000	1,621	69.42	141,862,390	21.65
1,000,001 and above	34	1.46	509,574,532	77.76
	2,335	100.00	655,327,238	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Weng Huixin ⁽¹⁾	Nil	Nil	199,668,333	30.47
Precious Stream Holdings Limited ⁽¹⁾	Nil	Nil	199,668,333	30.47
Bestway Premium Investments Pte Ltd	73,014,555	11.14	Nil	Nil
Joanna Loh Lai Chin	42,500,000	6.48	Nil	Nil

Note:

- (1) Share of Precious Stream Holdings Limited are held under a nominees account, DBS Vickers Securities. Madam Weng Huixin owns 100% shareholding interest in Precious Stream Holdings Limited.

SHAREHOLDERS INFORMATION

As at 24 June 2015

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	DBS Vickers Securities (S) Pte Ltd	261,358,133	39.88
2.	Bestway Premium Investments Pte. Ltd.	73,014,555	11.14
3.	Joanna Loh Lai Chin	42,500,000	6.48
4.	Li Hua	22,783,000	3.48
5.	OCBC Securities Private Ltd	20,244,266	3.09
6.	Zeng Fuzu	17,993,620	2.75
7.	Citibank Nominees Singapore Pte Ltd	7,158,666	1.09
8.	Maybank Kim Eng Securities Pte Ltd	7,080,199	1.08
9.	DBS Nominees Pte Ltd	4,661,606	0.71
10.	Phillip Securities Pte Ltd	4,177,279	0.64
11.	OCBC Nominees Singapore Pte Ltd	3,893,600	0.59
12.	United Overseas Bank Nominees Pte Ltd	3,875,893	0.59
13.	Sim Teck Huat	3,820,500	0.58
14.	Lim Eng Hock	3,154,800	0.48
15.	Teo Chor Kok	3,100,000	0.47
16.	Tan Hong Seng	2,791,000	0.43
17.	Tan Guek Choo	2,600,000	0.40
18.	UOB Kay Hian Pte Ltd	2,425,000	0.37
19.	Lim & Tan Securities Pte Ltd	2,354,315	0.36
20.	Sim Hua Cheng	2,200,000	0.34
		491,186,432	74.95

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

48.43% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of **USP GROUP LIMITED (FORMERLY KNOWN AS UNIONMET (SINGAPORE) LIMITED)** (the “Company”) will be held at RELC International Hotel, Room Tanglin 2, Level 1, 30 Orange Grove Road, Singapore 258352 on Friday, 31 July 2015 at 10:00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial period from 1 December 2013 to 31 March 2015 (“FY2015”) together with the Auditors’ Report thereon.
(Resolution 1)
2. To re-elect Mr Li Hua, a Director, who is retiring pursuant to Article 89 of the Company’s Articles of Association.
(Resolution 2)
Mr Li Hua will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee.
3. To re-appoint Madam Weng Huixin who will retire and seek re-appointment under Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting: [See Explanatory Note (i)]
(Resolution 3)
Madam Weng will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and a member of the Remuneration Committee and will be considered non-independent.
4. To approve the payment of Directors’ fees of S\$50,000 for the financial period from 1 December 2014 to 31 March 2015.
(Resolution 4)
5. To approve the payment of Directors’ fees of S\$150,000 for the year ending 31 March 2016, to be paid quarterly in arrears (for the financial year ended 30 November 2014: S\$133,000).
(Resolution 5)
6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 6)
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions.

8. AUTHORITY TO ISSUE SHARES

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise, and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

9. AUTHORITY TO ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Company's Performance Share Plan ("Share Plan") and to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards under the Share Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

10. RENEWAL OF SHARE PURCHASE MANDATE

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and otherwise in accordance with the rules and regulations of the SGX-ST, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten percent (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of this Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to the Annual Report 2015, and that this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until (i) the date on which the next annual general meeting of the Company is held or required by law to be held, or (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting, whichever is earlier; and
- (b) the Directors and each of them be and are hereby authorized and empowered to complete and do all such acts and things as they may consider necessary, desirable or expedient to give effect to this resolution as the Director(s) shall deem fit in the interests of the Company.
[See Explanatory Note (iv)]

(Resolution 9)

By Order of the Board

Yeo Poh Noi Caroline
Toh Lei Mui
Company Secretaries

Singapore, 15 July 2015

Explanatory Notes on Resolutions to be passed:

- (i) The effect of the Ordinary Resolution 3 proposed in item 3 above, is to re-appoint a director who is over 70 years of age.
- (ii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.
- For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Share Plan. The aggregate number of shares which may be issued pursuant to the Share Plan and any other share plan which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to purchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix to the Annual Report 2015 accompanying this Notice.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A Member entitled to attend and vote at the Annual General Meeting (the **"Meeting"**) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- (2) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (3) The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 8 Shenton Way #42-02, Singapore 068811 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

USP GROUP LIMITED

(Incorporated In the Republic of Singapore)
(Co. Reg. No: 200409104W)

IMPORTANT:

CPF Investors

1. For investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy

4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, _____

of _____

being a member/members of USP Group Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 31 July 2015 at RELC International Hotel, Room Tanglin 2, Level 1, 30 Orange Grove Road, Singapore 258352 at 10:00 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the financial period from 1 December 2013 to 31 March 2015 ("FY2015")		
2	Re-election of Mr Li Hua as a Director		
3	Re-appointment of Madam Weng Huixin as a Director		
4	Approval of Directors' Fees amounting to S\$50,000 for the financial period from 1 December 2014 to 31 March 2015		
5	Approval of Directors' Fees amounting to S\$150,000 for the year ending 31 March 2016		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Authority to Issue Shares		
8	Authority to Issue Shares under the Performance Share Plan		
9	Renewal of Share Purchase Mandate		

Dated this _____ day of _____ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Shenton Way #42-02, AXA Tower, Singapore 068811 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument].
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

USP

USP Group Limited

USP Group Limited

(Company Registration Number: 200409104W)

8 Shenton Way AXA Tower #42-02 Singapore 068811

Tel: (65) 6534 3533 Fax: (65) 6438 0543

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