USP GROUP LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200409104W)

(1) MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

(2) CLARIFICATION TO 2017 ANNUAL REPORT

The Board of Directors (the "Board") of USP Group Limited (the "Company", and together with its subsidiaries, the "Group") refers to its audited financial statements for the financial year ended 31 March 2017 in the Group's Annual Report 2017 (the "Audited Financial Statements") and the announcement on the unaudited financial statements for the financial year ended 31 March 2017 on 28 July 2017 (the "Unaudited Financial Statements").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain material differences between the audited financial statements for FY2017 and the Unaudited FY2017 Results following the finalisation of the audit. Details and clarifications of the material differences are set out as follows:

	Audited S$'000	Unaudited S$'000	Differences S$'000	Note
Consolidated Statement of Comprehensive Income (Extract)				
Income tax income/(expense)	532	(48)	580	1
Loss after tax	(5,590)	(3,648)	(1,942)	2
Consolidated Statement of Financial Position (Extract)				
Non-current assets				
Intangible assets	2,140	1,684	456	3
Other receivables	1,129	-	1,129	4
Consolidated Cash Flow Statement (Extract)				
Loss before tax	(6,122)	(3,600)	(2,522)	5
Net cash flows used in operating activities	(2,409)	(233)	(2,176)	6
Net cash flows used from financing activities	32	(2,133)	(2,165)	7

Note

1. Reversal of deferred tax liabilities of $583,000 as a result of prior year fair value uplift on inventory arising from the finalisation of the Supratechnic purchase price allocation report dated 31 August 2017 (the "Report") during the financial year.

2. Reversal of inventory fair value gains of $2,636,000 previously recognised from the finalisation of the Report during the financial year.

3. Recognition of intangible assets from customer relationships from the finalisation of the Report during the financial year.

4. The variance is due to reclassification of current trade and other receivables to non-current other receivables.

5. See Note 1 and 2.

6. As a result of and as explained under Note 2, reclassification of proceeds from disposal of investment securities from operating to investing activities and setting off of inventories written off to changes in inventories.

7. Reclassification from changes in payables to financing activities.

Clarification to 2017 Annual Report

1. We refer to page 1 of our 2017 Annual Report (the "Annual Report") on our Corporate Milestone. The Company would like to reiterate that its investment in SG Support Services Pte Ltd ("SGSS") was divested in March 2017 which was previously omitted in the Annual Report.

2. We refer to page 3 of the Chairman's message in our Annual Report on the Group intention to explore potential listing of Supratechnic in Hong Kong. The Company had sought SGX approval on the potential spin-off. SGX had reverted that based on the information that was submitted to the Exchange, the proposed spin-off did not meet the spin-off requirement published in their Regulatory Column. The Group will explore other options as and when it is ready. It will update the shareholders accordingly

BY ORDER OF THE BOARD

Li Hua
(Executive Chairman and Chief Executive Officer)
1 November 2017