USP GROUP LIMITED
(Company Registration No,: 200409104W)
(Incorporated in the Republic of Singapore)
(the "**Company**")

MATERIAL ADJUSTMENTS BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL ENDED 31 MARCH 2020

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 2020 in the Group's Annual Report 2020 (the "Audited Financial Statements") and the announcement on the unaudited financial statements for the financial year ended 31 March 2020 on 7 September 2020 (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 adjustments between the audited financial statements for FY2020 and the Unaudited FY2020 Results following the finalisation of the audit. Details and clarifications of the adjustments are set out as follows:

	Audited S$'000	Unaudited S$'000	Differences S$'000	Note
Consolidated Statement of Comprehensive Income (Extract)				
Impairment loss on financial assets	(1,256)	(34)	(1,222)	1
Others	(2,631)	938	(3,569)	2
Administrative expenses	(11,795)	(15,444)	3,649	2
Consolidated Balance Sheet (Extract)				
Current liabilities				
Trade and other receivables	5,528	6,332	(804)	3
Investment securities	-	907	(907)	4
Consolidated Statement of Cash Flows (Extract)				
Net cash generated from operating activities	9,048	7,304	1,744	5
Net cash used in investing activities	(21)	(3,673)	3,652	5
Net cash flows used in financing activities	(7,872)	(2,457)	(5,415)	5

Note

1. With higher credit risk as a result of Covid-19 pandemic, the impairment loss on financial assets increased by S$1.2 million with higher loss allowance being provided for in view on the performance and liquidity of financial assets in particular with regards to the repayment ability of debtors.

2. This is mainly due to reclassification of Administrative expenses to Others which include fair value loss on investment properties of $S2 million, impairment loss of intangible assets of $S 973,000, loss of disposal of investment properties of S$149,000 and write off of property, plant and equipment of S$227,000.

3. Mainly due to additional impairment loss recognised for trade and other receivables by foreign subsidiaries of S$824,000.

4. Reversal of fair value gain of S$907,000 recognised during the year for the investment securities which were suspended by Singapore Stock Exchange as the exit offer from the investee was subsequent to year end.

5. There were reclassification of financing activities to investing and operating activities resulting in a loss of S$5.4 million from net cash flow from financing activities offset by gain from net cash flow from operating and investing activities of S$1.7 million and S$3.6 million.

For and on behalf of
USP Group Limited

Tanoto Sau Ian
Executive Director and Chief Executive Officer
1 February 2021