USP GROUP LIMITED

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

MATERIAL ADJUSTMENTS BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL ENDED 31 MARCH 2021

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 2021 in the Group's Annual Report 2021 (the "Audited Financial Statements") and the announcement on the unaudited financial statements for the financial year ended 31 March 2021 on 28 May 2021 (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 FY2021 and the Unaudited FY2021 Results following the finalisation of the audit. Details and clarifications of the adjustments are set out as follows:

	Audited	Unaudited	Differences	Note
	S$'000	S$'000	S$'000	
Consolidated Statement of Comprehensive Income (Extract)				
Revenue	34,077	32,496	1,581	1
Cost of sales	(22,237)	(21,201)	(1,036)	1
Other gains and losses	393	1,429	(1,036)	2
Administrative expenses	(11,509)	(9,930)	(1,579)	2
Consolidated Statement of Financial Position (Extract)				
Property, plant and equipment	25,144	14,956	10,188	3
Investment properties	26,000	27,546	(1,546)	2
Borrowings (Non-Current)	23,772	2,697	21,075	4
Borrowings (Current)	17,157	34,253	- 17,096	4
Trade and other payables	5,881	4,488	1,393	5
Consolidated Statement of Cash Flow (Extract)				
Net cash generated from operating activities	5,405	7,774	(2,369)	6
Net cash generated from investing activities	3,974	2,252	1,722	6
Net cash generated from financing activities	(8,181)	(8,574)	393	6

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Note

1. The increase in Revenue is mainly due to reclassification of sales during the course of audit. Correspondingly, Cost of Sales increases with the increase in Revenue.

2. This is mainly due to reclassification of Administrative expenses to Others which include fair value loss on investment properties of S$2 million and allowance for doubtful debt – 3rd party of S$294,000.

3. Mainly due to reclassification of subsidiary's Property, Plant and Equipment of S$10.6 million from discontinued operations to continuing operations due to abortion of acquisition of Biofuel by the third party purchaser during the year.

4. The Group met the loan covenant to maintain a minimum consolidated tangible net worth of $20 million as at 31 March 2021. As a result, only $17 million of total borrowings were classified as current liabilities on the statements of financial position as at 31 March 2021 as compared to 31 March 2020, whereby the non-current bank loans of continuing operations amounting to S$24 million were classified as current liabilities. There were also reclassification of subsidiary's loans and borrowings of S$3.6 million from discontinued operations to continuing operations due to the same reason in point 3.

5. During the year, consideration deposit of S$1.5 million was received from third party purchaser for subsidiary.

6. There were reclassification of operating activities to investing and financing activities resulting in a loss of S$ 2.4 mil from net cash flow from operating activities offset by gain net cash flow from investing and financing activities of S$ 1.7 mil and S$ 0.4 mil.

For and on behalf of
USP Group Limited

Tanoto Sau Ian
Executive Director and Chief Executive Officer
13 February 2022