

STRATECH SYSTEMS LIMITED

(Incorporated in Singapore)

Company Registration No. 199608251Z

VARIATIONS BETWEEN AUDITED AND UNAUDITED FINANCIAL STATEMENTS AND OTHERS

The Board of Directors (the “Board”) of Stratech Systems Limited (the “Company”, and together with its subsidiaries, to be referred to as the “Group”) wishes to disclose the following:-

- (1) Variations between the Group’s audited financial statements for the year ended 31 March 2014 (“FY2014”) and the unaudited FY2014 results announced on 30 May 2014 (“FY2014 Unaudited Results Announcement”).

The variations between the Group’s audited FY2014 financial statements and the FY2014 Unaudited Results Announcement amounting to a net increase of S\$0.025 million to the Company’s profit and loss statement arose mainly from cancellation of certain Employees Share Options in FY2014.

The impact to the Group’s income statement and comprehensive income after taking into consideration the above adjustment is illustrated below:

	Group	
	Audited FY2014 S\$’000	Unaudited FY2014 S\$’000
Revenue	11,130	11,130
Costs of goods and services sold	(1,863)	(1,863)
Gross profit	9,267	9,267
Other operating income	1,220	1,220
Selling and distribution expenses	(1,056)	(1,056)
Administrative expenses	(4,484)	(4,509)
Other operating expenses	(2,874)	(2,874)
Finance costs	(613)	(613)
Operating expenses, net	(7,807)	(7,832)
Profit before income tax	1,460	1,435
Income tax expense	-	-
Net profit for the year	1,460	1,435
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation relating to financial statements of foreign subsidiaries	(17)	(17)
Other comprehensive income for the year, net of tax	(17)	(17)
Total comprehensive income for the year	1,443	1,418
Net profit attributable to shareholders of the Company	1,460	1,435
Total comprehensive income attributable to shareholders of the Company	1,443	1,418
Earnings per share (Cents) – basic and diluted	0.09	0.09

Save for the above, there are no other significant adjustments to the rest of the FY2014 Unaudited Results Announcement.

(2) Error correction

During the current financial year, management discovered some erroneous accounting entries amounting to S\$0.484 million made in FY2010 which resulted in the Group's accumulated losses and translation reserves as at 31 March 2010 being under and over stated respectively.

These erroneous accounting entries should have been debited to the profit or loss in that year instead of to other comprehensive income. Accordingly, the net profit for FY2010 would have been S\$0.685 million instead of S\$1.169 million.

Notwithstanding the above, there was no impact to the total comprehensive income for FY2010 which stood at S\$0.697 million.

As the erroneous accounting entries occurred before the earliest period presented for the current financial year of the Group, the opening accumulated losses and translation reserves for FY2013 have been restated in accordance with the FRS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*.

The restatement does not have material impact to FY2014 as illustrated below:

	Share capital	Share option reserve	Translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000 Re-stated	S\$'000 Re-stated	S\$'000
<u>Group</u>					
As at 1 April 2012					
- As previously stated	99,508	353	(244)	(98,810)	807
- Restatement	-	-	484	(484)	-
- As re-stated	99,508	353	240	(99,294)	807
Total comprehensive Income for the year	-	-	21	(9,358)	(9,337)
Issuance of new shares	9,193	-	-	-	9,193
Share issue expense	-	-	-	(209)	(209)
Conversion of shares	483	-	-	-	483
Reversal of equity- settled share options	-	(11)	-	11	-
Employees' share expenses option	-	178	-	-	178
As at 31 March 2013	109,184	520	261	(108,850)	1,115

	Share capital	Share option reserve	Translation reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000 Re-stated	S\$'000 Re-stated	S\$'000
<u>Group</u>					
As at 1 April 2013	109,184	520	261	(108,850)	1,115
Total comprehensive income for the year	-	-	(17)	1,460	1,443
Issuance of new shares	3,525	-	-	-	3,525
Share issue expense	-	-	-	(213)	(213)
Reversal of equity- settled share options	-	(108)	-	108	-
Employees' share option expenses	-	73	-	-	73
As at 31 March 2014	112,709	485	244	(107,495)	5,943

By Order of the Board

Leong Sook Ching
Company Secretary
9 July 2014