

---

**DIFFERENCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

---

The Board of Directors (the “**Board**”) of Ossia International Limited (the “**Company**”) refers to the unaudited full year financial results announcements for the financial year ended 31 March 2016 (“**FY2016**”) released via the SGXNet on 31 May 2016 (the “**Unaudited Financial Statements**”). Further reference is made to the Audited Financial Statements of the Company for FY2016 (the “**Audited Financial Statements**”) in the Annual Report of the Company for FY2016 released via SGXNet on 14 July 2016.

Pursuant to Rule 704 (6) of the Listing Manual, the Board wishes to highlight and clarify the material differences between the Unaudited Financial Statements and Audited Financial Statements for FY2016. The material differences and the reasons for such material differences are set out in the explanatory notes below.

**1 (a) Statement of profit or loss and other comprehensive income**

**For the Financial year ended 31 March 2016**

	Unaudited \$000	Change \$000	Audited \$000	Note
Revenue	36,166	--	36,166	
Cost of sales	(17,575)	--	(17,575)	
Gross profit	18,591	--	18,591	
Other income	157	--	157	
Distribution costs	(14,385)	--	(14,385)	
General and administrative costs	(6,453)	(301)	(6,754)	A
Interest income	27	--	27	
Finance costs	(356)	--	(356)	
Loss on liquidation of subsidiary company	(599)	71	(528)	D
Share of results of associated company	615	--	615	
Loss before tax	(2,403)	(230)	(2,633)	

Income tax expense	(252)	--	(252)	
Loss for the year	(2,655)	(230)	(2,885)	A
<b>Other comprehensive income</b>				
Foreign currency translation	(1,079)	--	(1,079)	
Translation and other reserve taken to profit or loss on liquidation of a subsidiary	599	(71)	528	D
Share of gain on property revaluation of associated company	286	--	286	
Other comprehensive income	(194)	(71)	(265)	
Total comprehensive income	(2,849)	(301)	(3,150)	

#### 1 (b) Statement of Financial Position as at 31 March 2016

	Group				Note	Company			
	Unaudited \$000	Change \$000	Audited \$000			Unaudited \$000	Change \$000	Audited \$000	Note
<b>Non-current assets</b>									
Property, plant and equipment	3,645	--	3,645			64	--	64	
Investment in associate company	19,608	--	19,608			13,252	--	13,252	
Investment in subsidiaries	--	--	--			1,646	--	1,646	
Deferred tax assets	105	--	105			--	--	--	
	23,358	--	23,358			14,962	--	14,962	
<b>Current assets</b>									
Inventories	12,225	--	12,225			--	--	--	
Prepayments	203	5	208	C		19	5	24	
Trade and other receivables	9,342	88	9,430	B		3,757	5	3,762	
Cash and bank balances	5,422	--	5,422			45	(1)	44	
	27,192	93	27,285			3,821	9	3,830	

<b>Current liabilities</b>							
Trade payables	(5,676)	(354)	(6,030)	C	(333)	(354)	(687)
Amounts due to directors	(661)	(40)	(701)	A	(661)	(40)	(701)
Bills payable	(2,125)	--	(2,125)		--	--	--
Borrowings	(4,787)	--	(4,787)		--	--	--
Income tax payable	(64)	--	(64)		--	--	--
	(13,313)	(394)	(13,707)		(994)	(394)	(1,388)
<b>Non-current liabilities</b>							
Borrowings	(2,082)	--	(2,082)		--	--	--
	(2,082)	--	(2,082)		--	--	--
<b>Total liabilities</b>	<b>(15,395)</b>	<b>(394)</b>	<b>(15,789)</b>		<b>(994)</b>	<b>(394)</b>	<b>(1,388)</b>
<b>Net current assets</b>	<b>13,879</b>	<b>(301)</b>	<b>13,578</b>		<b>2,827</b>	<b>(385)</b>	<b>2,442</b>
<b>Net assets</b>	<b>35,155</b>	<b>(301)</b>	<b>34,854</b>		<b>17,789</b>	<b>(385)</b>	<b>17,404</b>
<b>Equity</b>							
Share capital	31,351	--	31,351		31,351	--	31,351
Reserves	3,208	(301)	2,907	A,D	(13,562)	(385)	(13,947)
Non-controlling interests	596	--	596		--	--	--
	35,155	(301)	34,854		17,789	(385)	17,404

**1 (c) Consolidated Statement of Cash flows for the financial year ended 31 March 2016**

	<b>Group</b>			
	<b>Unaudited \$000</b>	<b>Change \$000</b>	<b>Audited \$000</b>	<b>NOTE</b>
<b>Cash Flows from Operating Activities</b>				
<b>Loss before tax</b>	(2,403)	(230)	(2,633)	<b>A</b>
<b>Adjustments for :-</b>				
Share of results of associated company	(615)	-	(615)	
Depreciation of property, plant and equipment	1,772	55	1,827	
Finance costs	356	-	356	
Allowance for doubtful debts	-	12	12	
Allowance for inventory obsolescence	147	-	147	
Loss/(gain) on disposal of property, plant and equipment	53	2	55	
Loss on liquidation of subsidiary	599	(71)	528	
Interest income	(27)	-	(27)	
Unrealised exchange (gain)/loss	55	(65)	(10)	
Write-back of allowance for doubtful debts	-	(2)	(2)	
Impairment loss on property, plant and equipment	112	-	112	
Property, plant and equipment written-off	51	(2)	49	
<b>Operating loss before working capital changes</b>	<b>100</b>	<b>(301)</b>	<b>(201)</b>	
<b>Changes in working capital :</b>				
Decrease/(increase) in inventories	483	1	484	
Decrease in trade and other receivables	12	(98)	(86)	
Decrease in other current assets and prepayments	130	(4)	126	
Increase/(decrease) in trade and other payables	603	390	993	
<b>Cash generated from/(used in) operations</b>	<b>1,328</b>	<b>(12)</b>	<b>1,316</b>	
Income tax paid	(194)	-	(194)	

Interest received	27	-	27
Finance costs	(356)	-	(356)
<b>Net cash from/(used in) generated from operating activities</b>	<b>806</b>	<b>(13)</b>	<b>793</b>
<b>Cash Flows from Investing Activities</b>			
Additions to property, plant and equipment	(2,091)	(1)	(2,092)
Proceeds from disposal of property, plant and equipment	-	13	13
<b>Net cash outflow used in investing activities</b>	<b>(2,091)</b>	<b>12</b>	<b>(2,079)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of bank borrowings	-	(107)	(107)
Proceeds from bank borrowings	1,494	(1,306)	188
Repayment of finance lease liabilities	(59)	59	-
Net proceeds from/(repayments of) bills payable	782	1,354	2,136
Increase in restricted bank deposits	(492)	169	(323)
Dividend paid to a non-controlling shareholder	(28)	-	(28)
<b>Net cash inflow from financing activities</b>	<b>1,697</b>	<b>169</b>	<b>1,866</b>
<b>Net decrease in cash and cash equivalents</b>	<b>411</b>	<b>169</b>	<b>580</b>
Cash and cash equivalents at the beginning of the year	3,096	-	3,096
Effect on exchange rate changes for cash and cash equivalents	(194)	-	(194)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,313</b>	<b>169</b>	<b>3,482</b>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the Balance Sheet date :

Cash and bank balances	5,422		5,422
Less : Bank overdrafts	-		-
Less : Bank deposits (secured)	(2,109)	169	(1,940)

---

Cash and cash equivalents at the end of the year	3,313	169	3,482
--	-------	-----	-------

---

**Explanation for the variances for 1 (a) to 1 (c)**

- (A) The increase in net loss for the year was due to the following :-
- i) under-provision of directors' fee amounting to \$40,000.
  - ii) adjustment for provision of doubtful debts for subsidiary, Pacific Leisure (Australia) wrongly written back amounting to \$344,000.
  - iii) reversal of settlement of intercompany payables wrongly taken to profit and loss account amounting to \$83,000
  - iv) reclassification of premium paid on acquisition of non-controlling interests of Pacific Leisure (Australia) to retained earnings of \$71,000.
- (B) The difference in trade and other receivables was mainly due to provision for doubtful debts for subsidiary, Pacific Leisure (Australia) wrongly written back of \$344,000, settlement of intercompany payables wrongly taken to profit or loss account of \$83,000.
- (C) The difference is mainly due to reclassification of other receivables from other payables.
- (D) The difference is mainly due to reclassification of premium paid on acquisition of non-controlling interests of Pacific Leisure (Australia) to retained earnings.

By Order of the Board of Directors

Ossia International Limited

Steven Goh Ching Huat

Executive Director

14 July 2016