



OSSIA INTERNATIONAL LIMITED

(Company Registration No: 199004330K)

Second Quarter Financial Statements For the Period 30 September 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

OSSIA INTERNATIONAL LIMITED	Group Second Quarter Ended 30 SEP			%	Group 6 months Ended 30 Sep			%
	2016	2015	Change		2016	2015	Change	
	\$'000	\$'000			\$'000	\$'000		
Revenue	6,822	8,103	-15.8%	14,090	15,968	-11.8%		
Cost of sales	(3,612)	(4,178)	-13.6%	(7,044)	(7,858)	-10.4%		
Gross profit	3,210	3,925	-18.2%	7,046	8,110	-13.1%		
Other operating income	102	9	N/M	120	16	N/M		
Distribution costs	(3,119)	(3,450)	-9.6%	(6,174)	(7,190)	-14.1%		
Administrative expenses	(1,336)	(1,534)	-12.9%	(2,563)	(3,229)	-20.6%		
Other operating expenses	(34)	-	0.0%	(72)	-	N/M		
(Loss) from operations	(1,177)	(1,050)	12.1%	(1,643)	(2,293)	-28.3%		
Interest income	2	3	-33.3%	8	7	N/M		
Finance expense	(44)	(58)	-24.1%	(91)	(132)	-31.0%		
Share of results of the associated company	1,350	(397)	N/M	1,204	(822)	N/M		
Profit/(Loss) before income tax	131	(1,502)	N/M	(522)	(3,240)	-83.9%		
Income tax	(45)	55	N/M	(45)	124	N/M		
Profit/(Loss) after income tax	86	(1,447)	N/M	(567)	(3,116)	-81.8%		
Profit/(loss) attributable to:								
Owners of the Company	106	(1,452)	N/M	(560)	(3,129)	-82.1%		
Non-controlling interests	(20)	4	N/M	(7)	14	N/M		
	86	(1,447)	N/M	(567)	(3,116)	-81.8%		
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Transfer from legal reserve	-	(6)	N/M	-	-	N/M		
Items that may be reclassified subsequently to profit or loss								
Foreign currency translation	(220)	(253)	N/M	(220)	(831)	N/M		
Other reserve	-	-	N/M	-	(485)	N/M		
Share of other comprehensive income of the associated company	-	(485)	N/M	-	-	N/M		
Other comprehensive income for the period, net of tax	(220)	(744)	N/M	(220)	(1,316)	N/M		
Total comprehensive income for the period	86	(2,191)	N/M	(567)	(4,432)	N/M		
Total comprehensive income attributable to:								
Owners of the Company	86	(2,204)		(567)	(4,436)	N/M		
Non-controlling interests	(0)	13	N/M	(0)	4	N/M		
	86	(2,191)	N/M	(567)	(4,432)	N/M		

NM - Not meaningful

1(a)(ii) Note:-

Notes	Group Second Quarter Ended 30 Sep			Group 6 Months Ended 30 Sep		
	2016	2015	%	2016	2015	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Loss from operations is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	410	422	14.6	879	817	7.6
Loss on disposal of property, plant and equipment	-	-	N/M	-	54	(100.0)
Write-off of property, plant and equipment	-	-	N/M	30	7	322.1
Net foreign exchange loss /(gain)	(77)	254	N/M	(39)	254	(115.5)
Allowance for doubtful debts	-	(43)	N/M	-	-	N/M
Write-back of allowance for inventory obsolescence	6	25	(74.8)	-	19	(100.0)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

OSSIA INTERNATIONAL LIMITED	The Group		The Company	
	30.9.16	31.3.16	30.9.16	31.3.16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Inventories	12,724	12,225	-	-
Trade and other receivable	6,626	7,926	3,429	3,747
Prepayment	457	208	7	24
Other financial assets	1,204	1,368	25	15
Other non-financial assets	125	136	-	-
Cash and bank balances	4,301	5,422	13	44
	25,438	27,285	3,474	3,830
Non-current assets				
Investment in associated company	20,602	19,608	13,252	13,252
Investment in subsidiaries	(0)	(0)	1,646	1,646
Property, plant and equipment	3,002	3,645	57	64
Deferred tax assets	107	105	-	-
	23,712	23,357	14,955	14,962
Total assets	49,149	50,642	18,429	18,792
LIABILITIES				
Current liabilities				
Trade and other payables	4,735	6,030	446	687
Amount due to directors	956	701	956	701
Bills payable	2,329	2,125	-	-
Borrowings	4,647	4,787	-	-
	12,666	13,707	1,402	1,388
Non-current liabilities				
Borrowings	2,471	2,082	-	-
	2,471	2,082	-	-
Total liabilities	15,137	15,789	1,402	1,388
Net assets	34,013	34,854	17,027	17,404
SHAREHOLDERS' EQUITY				
Share capital	31,351	31,351	31,351	31,351
Revaluation reserve	3,126	3,088	-	-
Legal reserve	1,328	1,328	-	-
Translation reserve	(5,072)	(4,830)	-	-
Accumulated profits/(losses)	2,707	3,321	(14,324)	(13,947)
	33,440	34,258	17,027	17,404
Total shareholders' equity	33,440	34,258	17,027	17,404
Non-controlling interests	573	596	-	-
Total equity	34,013	34,854	17,027	17,404

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.09.16		As at 31.03.16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,647	2,329	4,787	2,125

Amount repayable after one year

As at 30.09.16		As at 31.03.16	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
2,471	-	2,082	-

The group's borrowings and debt securities include bills payable and other bank borrowings.

Details of any collaterals

No. collateral.

Group gearing ratio or borrowings divided by total shareholders' equity stands at 0.28 times as at 30 September 2016 (31 March 2016: 0.26 times).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

OSSIA INTERNATIONAL LIMITED

	Group Second Quarter Ended 30 SEP		Group 6 months Ended 30 sep	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities				
Profit/(losses) before tax	131	(1,502)	(522)	(3,240)
Adjustments for:				
Share of results of the associated company	(1,350)	397	(1,204)	822
Depreciation of property, plant and equipment	410	422	879	817
Unrealised foreign exchange loss/(gain)	81	455	(16)	571
Interest income	(2)	(3)	(8)	(7)
Interest expense	44	58	91	132
Loss on disposal of property, plant and equipment	-	-	-	54
Write-off of property, plant and equipment	26	-	30	7
Operating cash flow before working capital changes	(660)	(173)	(749)	(844)
Changes in working capital:				
Increase in inventories	(1,355)	(1,821)	(589)	(1,321)
Decrease in trade and other receivables	284	18	1,396	777
(Increase)/decrease in other current assets and prepayments	(109)	139	(249)	(256)
(Decrease)/increase in trade and other payables, and bills payable	528	1,531	(529)	2,264
Net cash from operations	(1,312)	(306)	(719)	620
Income tax paid	(95)	51	(111)	61
Interest received	2	3	8	7
Interest paid	(44)	(58)	(91)	(132)
Net cashflow (used in)/from operating activities	(1,450)	(310)	(914)	556
Cash flows from investing activities				
Purchase of property, plant and equipment	(1)	(326)	(1)	(474)
Net cashflow (used in) investing activities	(1)	(326)	(1)	(474)
Cash flows from financing activities				
Net proceeds from borrowings	605	1,901	(140)	1,303
Repayment of finance lease liabilities	(137)	(221)	(215)	(411)
Net proceeds from bills payables	815	-	202	-
Dividends paid to a non-controlling shareholder of a subsidiary	(52)	-	(52)	(16)
Increase in restricted bank deposits	-	(38)	(169)	(92)
Net cashflow from/(used in) financing activities	1,231	1,642	(374)	784
Net (decrease)/increase in cash and cash equivalents	(220)	1,006	(1,290)	866
Cash and cash equivalents at the beginning of the financial period	2,413	2,588	3,482	3,096
Effects of exchange rate changes on cash and cash equivalents	(1)	(507)	-	(875)
Cash and cash equivalents at the end of the financial period	2,192	3,087	2,192	3,087
Cash and bank balances	4,301	4,706	4,301	4,706
Less : restricted bank deposits	(2,109)	(1,619)	(2,109)	(1,619)
Cash and cash equivalents as per above	2,192	3,087	2,192	3,087

Explanatory Note:

- (1) Cash and cash equivalents comprise cash and bank balances less bank overdrafts. In the Balance Sheet, bank overdrafts are included in borrowings under the current liabilities.
- (2) Certain fixed deposit amounting to S\$2,109,000 is pledged to the bank for banking facilities to subsidiaries.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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Attributable to Equity holders of the Company

	Share capital	Legal reserve	Translation reserve	Revaluation reserve	Other reserve	Accumulated profits / (loss)	Sub-Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP									
Balance at 1 April 2016	31,351	1,328	(4,830)	3,088	-	3,321	34,258	596	34,854
<u>Other comprehensive income</u>									
Loss for the period	-	-	-	-	-	(560)	(560)	(7)	(567)
Foreign currency translation	-	-	(242)	38	-	-	(204)	(16)	(220)
Share of other comprehensive income of associated company	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(242)	38	-	(560)	(764)	(23)	(787)
<u>Contributions by and distributions to owners</u>									
Dividend paid to controlling shareholders	-	-	-	-	-	(54)	(54)	-	(54)
Total contributions by and distribution to owner	-	-	-	-	-	(54)	(54)	-	(54)
Balance as at 30 SEP 2016	31,351	1,328	(5,072)	3,126	-	2,706	33,439	573	34,013
Balance at 1 April 2015	31,351	1,280	(4,290)	2,802	(71)	6,287	37,359	673	38,032
<u>Other comprehensive income</u>									
Loss for the period	-	-	-	-	-	(3,129)	(3,129)	14	(3,115)
Transfer from legal reserve	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	(13)	(808)	-	-	-	(821)	(10)	(831)
Share of other comprehensive income of associated company	-	-	(490)	5	-	-	(485)	-	(485)
Total comprehensive income	-	(13)	(1,298)	5	-	(3,129)	(4,435)	4	(4,431)
Balance as at 30 sep 2015	31,351	1,267	(5,588)	2,807	(71)	3,158	32,924	677	33,601
COMPANY									
	Share capital	Accumulated loss	Total equity						
Loss for the year	-	(378)	(378)						
Other comprehensive income, net of tax	-	-	-						
Total comprehensive income	-	(378)	(378)						
Balance as at 30 SEP 2016	31,351	(14,324)	17,027		-				
Loss for the year	-	(590)	(590)						
Other comprehensive income, net of tax	-	-	-						
Total comprehensive income	-	(590)	(590)						
Balance as at 30 sep 2015	31,351	(13,674)	17,677						

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial period, there has been no change in the Company's issued share capital. The Company does not have any outstanding convertibles.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>Number of shares</u>
As at 30 September 2016	252,629,483
As at 31 March 2016	252,629,483

There were no treasury shares as at 30 September 2016 and 31 March 2016.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the current period's financial statements as in the audited annual financial statements as at 31 March 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Profit/(Loss) per share attributable to owners of the Company:-	Group		Group	
	Second Quarter ended 30 Sep 2016 cents	2015 cents	6 months ended 30 Sep 2016 cents	2015 cents
(i) Based on the weighted average number of ordinary shares in issue	0.04	(0.57)	(0.22)	(1.24)
(ii) On a fully diluted basis	0.04	(0.57)	(0.22)	(1.24)

Note:

Earnings per ordinary share is computed based on the weighted average number of ordinary shares in issue during the period ended 30 September 2016 and 31 March 2016 as follows:

September 2016 - 252,629,483

March 2016 - 252,629,483

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30-Sep 2016 cents	31-Mar 2016 cents	30-Sep 2016 cents	31-Mar 2016 cents
Net assets value per ordinary share based on the total number of issued shares (excluding treasury shares) at the end of the reporting year	13.24	13.56	6.74	6.89

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue for the period ended 30 September 2016 (1HFY2017) registered \$14 million compared to \$15.9 million in the corresponding last financial period, a decline of 11.8%. The decline in sales is mainly due to closure of non-performing outlets and discontinued brands.

The gross profit margin remained comparable to the last corresponding period.

Other operating income increased from \$16k to \$0.1 million mainly because net foreign exchange gain for the current 1HFY2017 of \$39k compared to a loss of \$0.2 million for the last financial period.

Distribution costs decreased by 14.1% or \$1.0 million. The decrease in distribution costs is mainly due to closure of non-performing outlets.

The Group's share of results of the associated company has improved from a loss of \$0.8 million to a profit of \$1.2 million.

Net loss attributable to owners of the Company was \$0.6 million in 1HFY2017 as compared to \$4.4 million in 30 September 2015 ("1HFY2016"). This reduction was mainly due to share of profit from the associated company of \$1.2 million and the reduction in distribution and administrative costs of \$1.6 million.

Balance Sheet Review

The Group's inventories increased slightly as compared to 31 March 2016, largely due to new season stock purchased for existing brands in Taiwan.

The Group's and Company's other financial assets decreased mainly due to refund of rental deposits.

The Group's prepayment increased from \$0.2 million to \$0.5 million mainly due to payment in advance to the suppliers.

The Group's and the Company's property, plant and equipment decreased mainly due to depreciation charged during the financial period.

The Group's trade and other receivables decreased \$1.3 million from \$7.6 million to \$6.6 million mainly due to better collections from customers.

The Group's and Company's trade and other payables decreased mainly due to payments to suppliers.

The Group's bill payables increased by \$0.2 million mainly due to increase of bill payables for new season stocks purchased in Taiwan.

The Company's borrowings increased by \$0.2 million mainly due to additional borrowings by Taiwan subsidiary.

Cashflow Review

Net cash used in operating activities for the current period increased to \$1.4 million mainly due to cash outflow for new season stock purchases. This was also partially offset by improved trade and other receivables collection.

Net cashflow from financing activities for the current period increased to \$1.2 million due to additional bank borrowings and bills payables during the current period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current results are in line with the Company's commentary in Paragraph 10 of the financial results announcement dated 11 August 2016.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The retail climate conditions in the region that we operate remain challenging. The Group will continue to focus on its core business, tightening operations by closing non-performing outlets and brands.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date the dividend is payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any general mandate from shareholders for interested person transactions. Append below is the summary of the IPTs transactions for the period ended 30 September 2016 and 30 September 2015.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	Group		Group	
	30.09.16 \$'000	30.09.15 \$'000	30.09.16 \$'000	30.09.15 \$'000
VGO Corporation Limited				
- Purchase	-	-	-	-
- Sales	-	-	-	20
W.O.S World of Sports (M) Sdn Bhd				
- Sale	-	-	-	-
- Purchase	-	-	-	-
- Purchases discount	137	-	-	-

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary
3 November 2016



OSSIA INTERNATIONAL LIMITED

(Company Registration No: 199004330K)

14. **Negative confirmation pursuant to [Rule 705\(5\)](#). (Not required for announcement on full year results)**

**Ossia International Limited (“the Company”)
Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that to the best of our knowledge, nothing of a material impact has come to the attention of the Board of Directors of the Company which may render the second quarter results of the Company for the six months ended 30 Sep 2016 to be false or misleading in any material respect.

On Behalf of the Board of Directors

Goh Ching Wah
Director

Wong King Kheng
Director

3 November 2016

15. **Appendix 7.2, Paragraph 15, Rule 702(1) of the Listing Manual states that:**

“Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).”

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary
3 November 2016